

THE CROWDFUNDING ACT: A NEW FRONTIER

*Lindsay Sherwood Fouse**

INTRODUCTION	22
I. <i>Today's Hard Reality</i>	23
II. <i>The Crowdfunding Models</i>	24
A. <i>Non-Equity Models</i>	24
B. <i>Equity Model</i>	26
C. <i>Impetus for Change</i>	27
III. <i>Filling the Void With the Crowdfunding Act:</i>	29
A. <i>A Short Legislative History</i>	29
B. <i>The Purpose of the Crowdfunding Act</i>	32
C. <i>Structural Features of the Act</i>	32
1. <i>Limits and Requirements for Issuers</i>	32
2. <i>Limits and Requirements for Investors</i>	34
3. <i>Limits and Requirements for</i> <i>Financial Intermediaries</i>	35
4. <i>Other Noteworthy Provisions</i>	36
D. <i>Safeguards</i>	37
IV. <i>Effect on Startups and Investors:</i>	39
A. <i>Increased Access to Capital in</i> <i>Early-stage Business</i>	39
B. <i>Democratizing the Process</i>	39
V. <i>The Waiting Game</i>	40
CONCLUSION	42

* Juris Doctorate Candidate 2015, Duquesne University School of Law; Bachelor of Science in Business Administration 2012, University of Dayton School of Business Administration.

INTRODUCTION

At a time when stagnant economic growth and persistent unemployment seem to be the new normal for the United States, equity crowdfunding has been offered as a potential panacea for many of today's economic woes. Crowdfunding has garnered support from leading academic and business minds, and perhaps more surprisingly, from politicians and bureaucrats on both sides of the aisle. Despite several difficult regulatory intricacies that must be navigated and enforced to achieve its potential, crowdfunding offers a solution to reinvigorate small business growth and to spark entrepreneurship, which together are critical components of the economic growth engine. The ultimate value proposition of crowdfunding is that it makes capital more accessible and less expensive for small businesses, enabling them to maximize their growth potential, and it democratizes the historically inequitable investing industry, offering anyone the opportunity to invest limited amounts of capital in a business that they believe in.

The Duquesne Business Law Journal is a bi-annual publication which focuses not only on topics that are currently affecting the world of business, but also on evolving Supreme Court case law, and influential persons in the business community. If you have been enjoying this article, full text copies of this journal are available from the Duquesne Business Law Journal for \$8.00 an issue, \$15.00 per volume, or through various online databases at the citation 16 Duq. Bus. L.J. 1 (2014).