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More sites tap celebs for crowdfunding portals

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Once upon a time, crowdfunding was dismissed as the province of desperate wannabees and inveterate ne'er do wells.

Then Kickstarter and Indiegogo entered the fray, gained momentum and have now helped numerous entrepreneurs raise millions of dollars in financing and attracts attention from prominent firms and individuals (Union Square Ventures and Twitter's Jack Dorsey for Kickstarter and Metamorphic Ventures, ff Venture Capital, MHS Capital, Insight Ventures and Khosla Ventures for Indiegogo).

Now, a multitude of crowdfunding portals have popped up, hoping to cash in on a space formerly derided. Some are equity-based, while others like FundAnything.com, launched last May by serial entrepreneur Bill Zanker, offer populist investors rewards in exchange for donations.

Yet what separates this nascent platform from others is its reliance on celebrities to draw in donors among average everyday folks who wouldn't know a Hollywood high-roller from a cashier at Home Depot.

For instance, comedian Adam Carolla recently raised \$1 million in 32 days on the site for a film project. The donations were collected in piecemeal fashion from 13,721 backers.

"And now the little Joe Shmo can [invest in a project advertised on the site] and be a producer for a movie where before he never could," said Zanker, founder of the Learning Annex, the adult education company. Zanker said that he first became interested in crowdfunding while working on several fundraising campaigns for PBS with Learning Annex.

In addition to Carolla, Penn Jillette of Penn & Teller fame is in the process of launching a million dollar campaign for a horror film project. And, a rock star, whose name Zanker declined to divulge, preferring to wait until the celebrity reveals the details publicly, will also be participating on the site shortly.

(Update: After this story was published, FundAnything contacted VCJ to report that Jillette was close to raising \$1 million via the crowdfunding campaign and that actor John Ratzenberger, who played Cliff Clavin on "Cheers," has launched a similar effort on the

site to raise financing for a TV series called “John Ratzenberger’s American Made.” In addition, comedian Jon Lovitz is set to launch his own funding campaign on Nov. 1.)

“Every vertical will have a celebrity,” Zanker said. (It doesn’t hurt that billionaire real estate mogul and reality TV star Donald Trump is one of his partners/backers on the venture.)

Zanker and various partners have provided \$1.5 million in Series A funds for the FundAnything platform. He told VCJ that he is also currently in talks with “several VCs” to form a syndicate that will contribute to that round.

“We’re really excited because we’re all about marketing to and celebritizing to bring a message to the people,” he said, as he assessed his FundAnything’s chances of pulling in the VCs.

The fact that crowdfunding is still relatively new helps.

“We’re like what online dating was in ‘95, or eBay in the early days!” said Zanker.

Citing an internal study that FundAnything.com recently conducted, which showed that “only five percent of Americans know what crowdfunding is,” Zanker likened himself to a pioneer or “disrupter” in a space that is still unregulated, despite provisions added to President Obama’s small business-friendly JOBS Act that will allow the public to participate in equity crowdfunding.

Currently, only “accredited” investors with an annual net income of at least \$200,000 can participate in equity crowdfunding platforms. Although the President signed the JOBS Act into law in April 2012, the provisions have yet to be approved by the Securities and Exchange Commission, a requirement of its passage.

Once that approval comes, Zanker said FundAnything will shift toward offering equity stakes in projects to investors. Here, the host of NBC’s “Celebrity Apprentice” may play a significant role.

“There’s nobody better than Donald for equity funding,” said Zanker.

Zanker is confident that VCs will eventually fall in line and support the site. A big reason: potential rewards can be staggeringly high. Last year Deloitte predicted that crowdfunding could rack up \$3 billion in 2013.

“Funding is changing and a VC who’s in the business of funding wants to be part of that change,” Zanker said.