

New Association Launched to Help Guide Investment Crowdfunding Industry: Association of Online Investment Platforms Seeks to Boost Trust, Educate Investors and Help Businesses in Need of Funding

The investment crowdfunding industry in the United States was launched following the signing of the JOBS Act of 2012. This bi-partisan legislation enabled online platforms to promote securities offerings in private firms in need of growth capital. This regulatory change heralded a new era of Fintech and opportunity - both for smaller firms in need of funding and investors previously boxed out of participating in some of the most exciting investment opportunities around.

In the past several years since investment crowdfunding became law, the industry has slowly matured and grown. Multiple online investment platforms now offer debt, equity and alternative securities in promising private firms to investors of all sizes and levels of sophistication. Today, a collective group of four of the most prominent online investment platforms have joined together to create a new representative association as the voice of this emerging industry.

The [Association of Online Investment Platforms \(AOIP\)](#) was created with the intent of educating both investors and issuing-firms on the opportunities available in investment crowdfunding. Simultaneously, the new group wants to establish a more cogent voice for the currently fragmented industry.

The AOIP will develop best practices for its members and the investment crowdfunding industry sector. In steering the investment crowdfunding industry, the AOIP is committed to transparency and operational excellence because its members believe the industry depends on the long run experience of investors and issuing firms using investment crowdfunding.

Founding platforms include MicroVentures, NextSeed, Republic, and SeedInvest. Each of these platforms have committed to dedicate resources to help the industry grow. The Founding Directors include, Bill Clark (Microventures), Kendrick Nguyen (Republic) and Ryan Feit (SeedInvest). The group has selected Youngro Lee, CEO and founder of NextSeed, to be the AOIP's inaugural Chairman / President.

Lee commented on the formation of the new Association:

"We believe it is important for the general public to better understand the evolving regulations that allow everyday Americans to invest online into private companies, as well as the online platforms that seek to facilitate these opportunities, in a fair and transparent manner. Ever since the passage of Regulation Crowdfunding there has been significant confusion and

misunderstanding in the market about what online investment and ‘investment crowdfunding’ actually represents.”

“The AOIP was formed in an effort to improve communication and trust between the general public, private companies, online investment platforms, and our regulators and legislators so that collectively we can someday truly democratize access to private capital and investments,” added Lee.

In the US, investment crowdfunding falls under multiple federal exemptions, as well as many intrastate rules, that allow for online capital formation. While the opportunity for smaller firms to raise the funding they need to grow has never been better, the AOIP believes there is still a shortfall in awareness - an issue the Association intends to address.

The AOIP has enlisted the assistance of Doug Ellenoff, Managing Partner of the New York City based law firm Ellenoff Grossman & Schole LLP, as lead counsel. Ellenoff, a prominent and well known figure in the investment crowdfunding industry, lauded the launch of the new group:

“Given the participation of many of the best known and experienced platform executives in the emerging investment crowdfunding industry, the AOIP will provide the necessary advocacy to advance their collective needs and concerns to the various constituents comprising the ecosystem of online capital formation, including the AOIP’s own membership, regulators and investors to enhance and continually improve the online investment experience overall.”

Launched today, the AOIP has debuted a website to educate the public about its mission and published a Code of Conduct for member firms to help establish a high degree of integrity for platforms in the industry.

Over the coming weeks, AOIP will be engaging with both regulators and policymakers to develop fair and transparent practices in the investment crowdfunding sector. Platforms are encouraged to reach out to the AOIP leadership as they welcome additional members.

Andrew Dix, founder and CEO of the Crowded Media Group and founding special advisor to AOIP, pointed to the importance of such a group for the development of the online investment industry and to spur positive growth.

“The US investment crowdfunding industry has needed a strong voice for quite some time. The industry is fortunate that these platforms have stepped up to provide the direct leadership necessary to achieve its potential and fuel robust growth.”

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www.microventures.com

www.nextseed.com

www.republic.co

www.seedinvest.com

www.egslp.com

www.crowdedmediagroup.com