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## RECLAIMING INVESTING FOR MAIN STREET

*CoCap Conference to Launch Revolutionary Crowdfunding Platform*

**OAKLAND, CALIFORNIA** – Most people spend Labor Day on the beach but the hottest place this Labor Day may be a conference where investing shifts from Wall Street back to Main Street.

“A hundred years ago, individuals invested in their own community. It was really common for you as a businessperson to own an interest in 5-10 businesses in your town,” says John Katovich, President of Cutting Edge Capital. “It was a strengthening of common bonds – a vote of confidence in each other. But slowly we lost that. We’re bringing it back.”

The problem faced by ordinary investors is what financial reformers call “Investment Apartheid.” Under the law, companies can only easily offer investment opportunities to “accredited investors” – those with a net worth beyond a million dollars and \$200,000 in annual income. To offer the same investment to someone with less than a million dollars in net worth is illegal.

But pioneers of the Community Capital movement are bringing together both non-accredited investors, who demand the right to invest, and entrepreneurs, who are seeking new ways of raising funds. Financial innovators are using old and new laws that are giving everyone more financial freedom.

Those largely responsible for this funding revolution are holding their first conference – CoCap: The Community Capital Symposium – on Labor Day (September 2nd) in Oakland, California. A new online investment platform called CuttingEdgeX (CEX) will be launched at CoCap, and it promises even greater connection between businesses and their communities. Unlike crowd-funding websites Kickstarter and Indiegogo, which can only legally offer gifts in exchange for donations, investors will be able to use CEX to buy actual shares in companies.

CoCap is attracting entrepreneurs, investors, and civic leaders from throughout the US to the East Bay Community Foundation in downtown Oakland [150 Frank H Ogawa Plaza] to hear from hosts Cutting Edge Capital, the Local Investing Resource Center, HUB Oakland, Sustainable Business Alliance (a BALLE network), and Springboard Innovation.

Each of these companies has done its part to pave the way for ordinary people to invest directly in the companies that will build up their communities and share their values. After a Labor Day-themed networking lunch at 12pm PST, the keynote address, “The Vision of Community Capital,” will be delivered at 1pm by Jenny Kassin, CEO of Cutting Edge Capital, and James Frazier, Founder of the Local Investing Resource Center.

The entire conference is designed to be as interactive as possible, as this may be the most concentrated group of experts on community capital ever assembled. At 1:30pm, there will be a panel discussion with generous Q&A time, and then at 3pm a choice between three breakouts with different areas of focus:

- Beyond Crowdfunding: The Entrepreneur’s Guide to Raising Community Capital
- Main Street Markets: The Investor’s Playbook for Local Opportunities
- Capital for Communities: A Leader’s Roadmap to Growing Local Economies

At 4pm, there will be a Facilitated Community Discussion in which everyone can work together to move local investing/community capital forward.

Part of the “secret” of empowering ordinary investors is the revival of an investing tool called Direct Public Offerings (DPOs). “A DPO is just saying, ‘OK, I’m going to show a state regulator that my offering, my business, makes sense.’ Then I can tell my story to people in my state that may want to make an investment,” explains John Katovich, President of Cutting Edge Capital, which developed CEX.

The DPO process differs tremendously from an IPO (Initial Public Offering). “For one thing, it is much cheaper,” says Kassan. “An IPO usually costs a million dollars just in legal fees, but a DPO can be done for about \$25,000 to meet all the state requirements.”

Direct Public Offerings are not new. In 1984, Ben & Jerry’s Ice Cream used a DPO to raise \$750,000 from 1,800 fellow Vermonters to expand their operations. But DPOs fell into disuse when it was simple for entrepreneurs to take out second and third mortgages on their homes easily, to get low-interest credit cards, and when many wealthy people were investing lots of money while being relatively hands off with companies.

But the recession has dried up most of those sources of capital. And what funding is left often now has too many strings attached. “Today, Angel Investors and Venture Capitalists expect large returns and a quick exit,” says Katovich. “A company may have to make unwanted decisions or change their whole mission to alleviate pressures coming at them from their funders.”

Adds Kassan, “Maybe they do want to grow fast and sell, and that is great. But if they don’t want to have that pressure, we help them think through ways of raising capital that will help them stay in control. We like our clients to know about all of their options.”

One of the highlights of CoCap will be the official launch of CuttingEdgeX, the only platform of its kind where investors can browse DPOs and match their investments to their values.

“We know that what we are building is not going to change the financial system today or tomorrow,” says Katovich. “The system is so big that it will chug its course for a long time. But with CuttingEdgeX we are building a parallel track. People can off-pour a little bit and can both find good investments, and make a difference to companies in their community.”

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