

# How to Empower New IPOs



*By Victor MacLaughlin, Founder & CEO,  
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As an entrepreneur, I believe it is a tragedy that the number of Initial Public Offerings (IPOs), or companies selling their shares publicly, has reduced significantly since 2000. From 1980-2000, an average of 311 companies went public per year. Since the tech bubble burst in 2000, the average number of IPOs per year has been only 99. This harms angel investors, venture capitalists, employees and entrepreneurs who rely upon an active IPO market for exits and wealth creation. Small companies realized their only exit and sometimes the only way to expand their firms or create wealth for themselves and their shareholders is to sell it shares, since the option to tap the public markets for capital has greatly diminished. But that began to change slowly in April of 2012, when the Jumpstart Our Business Startups Act (JOBS Act) was signed into law.

On September 23, 2013, small businesses rejoiced due to the activation of Title II of the JOBS Act. It counteracted the Securities Act of 1933, which placed a ban on general solicitation. Now, small businesses can publicly raise investment capital from people they have never met before through advertising and social media platforms (now known as equity crowdfunding) as long as they abide by the rules and guidelines of Rule 506 of Reg D with accredited investors.

May 16, 2016 marked the day that allowed people to invest in

companies of their own choosing. Investing in small businesses is no longer limited to the rich (accredited investors), because Title III of the JOBS Act, also known as Regulation Crowdfunding (Reg CF), leveled the investment landscape for all retail investment crowdfunding. Small businesses now have access to an investor pool of over 300 million potential US investors.

Today, Title IV of the JOBS Act states that companies are allowed to raise up to \$50 million—known as Reg A+. This is the primary focus of my firm, Capital2Market (C2M).

We hope to create a more robust IPO market for entrepreneurs seeking to expand their business, create jobs and enhance shareholder value. We are particularly selective in choosing the companies we support through this process. We aim to work with high quality companies with strong and growing track records.

We believe small companies should be generally soliciting investors, starting with their own customers. Acquiring investors who are also customers makes sense. We can assist them in targeting other individuals with similar affinities, acquiring more investors, customers, and potentially, brand ambassadors.

A supposed benefit of crowdfunding platforms is that issuers (small businesses, startups and projects such Broadway plays) are provided access to a vast number of investors. Exposure alone won't work, as only a small percentage of the investors on the platform will have an affinity to the company. Ultimately, small businesses bring the majority of their investors to the platform, exposing their customers and investors to dozens of other offerings, frankly, only benefiting the platform.

C2M has proven that the issuer should be presented to its affinity group on its own merits. We offer a turnkey solution

to uncovering, soliciting and converting like-minded people—just like your current investors and customers—to fill your offering. This may also provide a bump in revenue as well. We create the front-end, back-end (with our fully compliant broker-dealer), and can handle the marketing for you so that you do not have to compete with so many other offerings on someone else’s platform. You have your own. When you attract and successfully raise capital from investors, they are your customers and your investors only. We believe investors make better customers.

By research and data-analytics, we acquire people with an affinity to your company. That creates the highest probability of success for your offering and your firm.

\*Ritter, Jay R., Xiaohui Gao, and Zhongyan Zhu. “Where Have All the IPOs Gone?”

SSRN Electronic Journal (2013): n. pag. SSRN. Web. 20 Dec. 2016.

***About the Author:** Victor MacLaughlin is the founder and CEO of Capital2Market, a technology-enabled broker-dealer that assists clients with raising capital through Regulation A+ and Regulation D, at scale. Victor has over 25 years in the financial services industry and was an early proponent of equity crowdfunding. C2M has built partnerships for investor acquisition through digital and social marketing and through Victor’s extensive network, he has built distribution to further syndicate offerings. For more information, visit our website: <https://www.capital2market.com/>. Contact him at: [victor@capital2market.com](mailto:victor@capital2market.com)*