

Mc HENRY'S OWN REG D FRAUD

A 2012 vintage with no state securities regulation hangover

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“Crowdfunding,” a job-creation panacea-of-the-month buzzword, is being peddled under the Entrepreneur Access to Capital Act (H.R. 2930) and extolled by Rep. Patrick McHenry (R-N.C.) as having “very strong investor protections.” The Hon. N. C. Representative kids us, actually, when he says this—or he is attempting another form of fraud, one usually styled intentional deception. Why else is the online white collar criminal crowd in a state of delirious disbelief and sweaty anticipation over his proposed law? [See craigslist listings for starters]

Mc Henry's Own Reg D Fraud is a new catch-all phrase encapsulating the panoply of online criminal felonies facilitated if not outright enabled by H.R. 2930, which first takes care of business by firing all the cops.

State securities regulators are being put their places by the McHenry's Feds under cover and color of Job Creation. Needed protection for those who are poor, vulnerable and most guidable to online scams? More about that later; **Mc Henry's Own Reg D Fraud** is, after all, about job creation.

One North California-based online fraud operation, stymied for years from full bore online scamming of the elderly due to federal Regulation D together with California state securities regulators, has already announced a bill-signing party in 2012—she will be selling \$50 Champaign bottles with labels reading, “**McHenry's Own Reg D Fraud** (Your Favorite 2012 Vintage) the day Obama makes this “startups-exemption fraud enabling act” into law.

So far she claims porno stars looking for small money-sponsors and dope dealers looking for \$5,000 investors are the two groups her online platform will be after first. Under cover of today's most sacred political cow, job creation, the Senate is poised to enact the nation's first full employment act for full time, professional online fraudsters; indeed, some of the language enabling crowdfunding in the **Entrepreneur Access to Capital Act** appears to have been written with online crooks in mind, except the wrong way!

On its face, this law will permit financial manipulation of vulnerable Main Street investors on a scale never imagined, largely because state securities regulators will not be allowed to do their jobs. Craigslist.org is already rift with guys looking to use **McHenry's Own Reg D Fraud** to raise money online in 2012 for marijuana “grows” and for \$5000 investments (limited to one per customer/investor) to fund “feature movie deals” (think porn, too often child porn). Such is the job creation to be promoted and enabled by legalizing **McHenry's Own Reg D Fraud**.

One underground paper has printed out the exact wording of Mr. Patrick's law for the attention of coders. A former dark side client tells me he has already prepared signage with reprints of the law,

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taken verbatim, with commentary for staff that reads, more or less, “All client calls coming from our mirror Entrepreneurial Access to Capital Act site must go the closers at the \$10K credit card team.”

Online web sites designed specifically to target elderly are being designed with the exact wording of the new Sec. 4A (b) [of federal Securities Act of 1933] blown up on nearby walls. If anyone doubts for a Singapore second that **McHenry’s Own Reg D Fraud** will grow exponentially the day after the passage of the *Entrepreneurs Access to Capital Act*, just read it!

The first thing the bill’s authors had to do to make it a gold mine for thieves was to get rid of the cops. **The only real law and regulatory oversight for this form of small investor fraud has always been and will always be state securities regulators and parallel state criminal enforcement agencies.**

The reason every online fraudster has relied on one or more versions of Regulation D [under section 506 of the Securities Act of 1933] for their online financial schemes for the last 20 years is that its “notice filings” mean no meaningful regulatory oversight by the states! For exempt offering and their promoters, **state regulatory oversight has always been the only thing to ever really worry about if the deal was not too big or too interstate.**

Can anyone imagine a higher-risk form of investing than one where an online stranger is allowed to say whatever she or he wants to whomever she finds online, no matter how elderly or otherwise vulnerable? But Mr. McHenry tells us, astonishingly, that even “SEC regulations impede THE LOWER-RISK (*sic*, caps mine) form of crowdfunding.” In other words, the enablers **of McHenry’s Own Reg D Fraud** know of a higher-risk form of investing compared to crowdfunding, but they refuse to tell us what that form of investing might be! *That is because there will be no higher-risk form of investing than crowdfunding investing.*

Who we are

Douglas Slain has been involved in private placements for 40 year since his first year out of Stanford Law School doing blue sky work for private and public real estate limited partnerships. Slain has been asked to serve as an expert witness on what constitutes a Reg D violation; he conceived and founded *Blue Sky Chronicle* and *Securities Enforcement Reporter* and occasionally posts at regDlaw.com and regDconsumersreporter.com.

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