

LEVICK

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CROWDFUNDING

*How Communications Will Provide
the Keys to Capital*



COVER IMAGE: Crowd funding or crowdfunding (alternately crowd financing, equity crowdfunding, or hyper funding) describes the collective effort of individuals who network and pool their resources, usually via the Internet, to support efforts initiated by other people or organizations. Crowd funding can also refer to the funding of a company by selling small amounts of equity to many investors. This form of crowd funding has recently received attention from policymakers in the United States with direct mention in the JOBS Act; legislation that allows for a wider pool of small investors with fewer restrictions.

03 Contents

| | |
|----|--|
| 04 | DERYCK PALMER on What's Next for the Energy Sector |
| 05 | CHRISTOPHER GARCIA on Cyber Threats |
| 06 | CROWDFUNDING How Communications Will Provide the Keys to Capital |
| 10 | JOBS ACT Hedge Fund Communications Options Poised to Expand |
| 12 | PAUL WINUM on CEO Succession |
| 13 | KAREN LISKO on Juror Evolutions |
| 14 | NACD BOARDVISION on the Future of Directorship |
| 17 | BLOGS Worth Following |
| 18 | LEVICK In the News |

03

Contents

04

DERYCK PALMER

on What's Next for the Energy Sector

05

CHRISTOPHER GARCIA

on Cyber Threats

06

CROWDFUNDING

How Communications Will Provide the Keys to Capital

10

JOBS ACT

Hedge Fund Communications Options Poised to Expand

12

PAUL WINUM

on CEO Succession

13

KAREN LISKO

on Juror Evolutions

14

NACD BOARDVISION

on the Future of Directorship

17

BLOGS

Worth Following

DERYCK PALMER

on What's Next for the Energy Sector



In this LEVICK Daily video interview, we discuss the energy sector's immediate future with Deryck Palmer, a financial restructuring partner with Pillsbury Winthrop Shaw Pittman LLP. As energy options continue to expand around the world, new opportunities will arise to spur economic growth and provide new avenues for distressed investors.

CHRISTOPHER GARCIA

on Cyber Threats



In this LEVICK Daily interview, we discuss the cyber security landscape with Christopher Garcia, a securities litigation partner with Weil, Gotshal & Manges, LLP. From disruption of service attacks to intrusions by which confidential information, trade secrets, and corporate intelligence can be extracted, today's threats are as numerous as they are costly.

CROWDFUNDING

How Communications Will Provide the Keys to Capital

Kathleen Wailes

Originally Published on LEVICK Daily



Reports that U.S. Securities and Exchange Commission (SEC) Chairman Mary Schapiro will be leaving her post next week have raised questions as to the fate of a number of high-profile issues currently on the Commission’s docket. Chief among them is the concern that long-awaited crowdfunding regulations tied to the JOBS Act—rules that would allow companies to raise capital via share offerings primarily marketed to small investors online—may be delayed.

Few doubt that whomever President Obama chooses to succeed Chairman Schapiro will face a lengthy and contentious Senate confirmation process. And when the SEC does finally get around to its mandate to publish crowdfunding rules, the process will only be half completed, as the Financial Industry Regulatory Authority (FINRA) must then publish its own guidance before online equity portals can open for business.

The news isn’t all bad though, as the small businesses eagerly awaiting this new capital formation opportunity do have a few reasons to be optimistic. The first is that SEC Commissioner Elise Walter, the President’s likely choice to succeed Chairman Schapiro until the post must be permanently filled by December 2013, has thus far embraced crowdfunding rules—so long as they strike an appropriate balance between the needs for improved access to capital and adequate investor protection.

The second is that any rulemaking delay, while perhaps frustrating, does afford the companies looking to capitalize on crowdfunding the chance to make a number of preparations essential to success.

First, potential crowdfunders need to begin building the communities of support they will be soliciting now—before they make their pitches. Jeffrey Koeppel, an attorney with the law firm of Elias, Matz, Tiernan & Herrick LLP who maintains the widely-read blog *Crowd Funding News*, believes that following the rule of “know them before you need them” is of the utmost importance.

“When you look at the most successful crowdfunding efforts to date,” says Mr. Koeppel, “nearly all of them leveraged long-standing connections and relationships that were formed well in advance of the solicitation. If you haven’t already built a strong social net-

Look at the groups who started the crowdfunding phenomenon,” says Mr. Koepfel. “They are political campaigns, issue advocates, citizens journalists, artists, and others who are linked by the theme that they believe what are doing has a great deal of societal value...

work online or off, your chances of success are going to be pretty slim.”

Second, companies need to establish just what their value propositions will be—beyond mere dollars and cents. “Look at the groups who started the crowdfunding phenomenon,” says Mr. Koepfel. “They are political campaigns, issue advocates, citizens journalists, artists, and others who are linked by the theme that they believe what are doing has a great deal of societal value. My guess is that crowdfunders in the equity markets are going to have to play on those same themes—whether they be passion for the project, allegiance to a cause, or identification with the owners and what they are trying to achieve.”

Simply put, when the return on investment is morally strong as well as monetarily sound, companies establish the emotional connections that ultimately inspire investor buy-in in crowdfunding circles. As such, companies need to prepare messages that speak to the heart, as well as the pocketbook.

Third, and perhaps most important, crowdfunders need to carefully plan the ways in

which they will leverage social media—as shareholders themselves will play a significant role in communicating the value and virtues of the investment. “Because protecting investors against fraud and other malfeasance is going to be an SEC priority, issuers are likely going to be tightly regulated as to what they are permitted to say,” says Mr. Koepfel. But the same rules likely won’t apply to investors or other voices not directly affiliated with the company. Look at the conversations taking place on Yahoo Finance or other financial-related bulletin boards. They can have a significant impact on stock valuations and the SEC doesn’t regulate them at all. I think the same will be true when it comes to equity crowdfunding – and companies will have to be prepared to deal with both positive and negative commentary.”

What this means is that inspiring and influencing social media conversations around a particular offering is going to play a major role in their success—especially when one considers that the Internet is where these offerings will be made available in the first place. Crowdfunding is an exercise where the messengers matter just as much as the message itself. When



companies encourage investors to speak for them, they provide themselves the levels of credibility, third-party validation, and viral allure imperative to social media success.

In the context of all that companies need to do before they wade into the crowdfunding waters, a delay in the rules’ promulgation may not be all that bad a thing. Preparation will be

paramount, and those that take advantage of the extra time allotted to build a receptive audience, fine-tune their messages, and formulate a strong social strategy are those that will be best positioned to capitalize on what promises to be a crowded marketplace. **L**

Kathleen Wailes, Senior Vice President & Chair, Financial Communications Practice

JOBs Act: Hedge Fund Communications Options Poised to Expand

John Lovallo

Originally Published on LEVICK Daily



With passage of the Jumpstart our Business Startups (JOBS) Act in April, the U.S. Securities and Exchange Commission is now poised to loosen long-standing restrictions on Hedge Fund marketing and communications. The move has a number of high-profile opponents and the rules' promulgation may be delayed by Chairman Mary Schapiro's departure, but—at least for now—the Commission seems willing to move forward once it gets back to business.

This is a policy shift that could represent the next big gold rush for the \$2 trillion industry. As such, issuers need to ensure that they are well-positioned to attract “accredited” investors—high-wealth individuals, institutional investors, private wealth groups, etc.—with messaging and advertising that could, for the first time, look very much like the marketing tactics widely utilized throughout much of the financial services industry.

Most hedge funds are expected to tread lightly at the outset as they await guidance as to precisely what is and what isn't allowed under the new regulatory framework—so don't expect an initial flood of ads during golf tournaments or in the pages of Forbes, Fortune, and other high-profile business publications. But that doesn't mean hedge funds shouldn't start planning now for a marketing and communications environment that offers unprecedented freedom to define both the industry and the funds that exist within it.

Bottom lines will, of course, play a major role in hedge fund messaging—as issuers highlight long-term performance, manager expertise, equity, hard

assets, and a number of other value indicators to both investors and the advisors that guide them.

That said, it shouldn't be overlooked that hedge funds also have the chance to humanize an industry that has long operated under a shroud of sorts. By leveraging this opportunity, hedge funds can provide themselves a higher degree of familiarity in the investment community, even as they improve general perceptions about the industry by helping the public better understand its role in growing a stronger, more robust, and increasingly fair global economy.

In this context, hedge funds need to articulate how they aim to invest in socially responsible companies wherever and whenever possible. They need to talk about how their investments create jobs and expand economic opportunity for all. And just like their brethren in the consumer banking world, hedge funds need to communicate about their charitable works and how their donations of time, money, and other resources help build stronger communities at home and abroad.

Perhaps most important of all, however, is the need for hedge fund marketing and communications to always remain within the parameters of regulatory compliance—as it won't take much malfeasance to provide adversarial consumer advocacy groups, competitors, and like-minded policy makers with the ammunition they need to reverse this move and perhaps even impose harsher restrictions than those previously in place. **L**

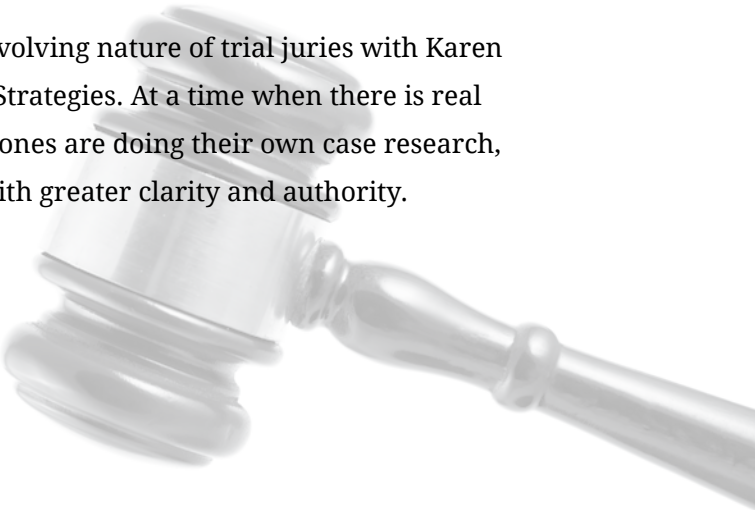
John Lovallo is a Senior Vice President at LEVICK and a contributing author to LEVICK Daily.

PAUL WINUM on CEO Succession



In this LEVICK Daily video interview, we discuss CEO succession issues with Paul Winum, Senior Partner and Global Practices Head at RHR International LLP. Gone are the days when CEOs themselves took full charge of the process. The pendulum has swung as SEC rules and other forces now combine to make total director engagement an absolute necessity.

KAREN LISKO on Juror Evolutions



In this LEVICK Daily video interview, we discuss the evolving nature of trial juries with Karen Lisko, a Senior Litigation Consultant with Persuasion Strategies. At a time when there is real concern that jurors armed with tablets and mobile phones are doing their own case research, attorneys must ensure that their messages resonate with greater clarity and authority.

NACD BOARDVISION

on the Future of Directorship



In this edition of NACD BoardVision, shot on site at the 2012 NACD Board Leadership Conference, we discuss the future of directorship with Mary Ann Cloyd, a Leader in the PwC Center for Board Governance, and Peter Gleason, the Managing Director and CFO for the National Association of Corporate Directors. In the coming months and years, boards can expect a number of significant changes. Among the most notable are increases in roles, responsibilities, and overall time devoted to the company; more meetings outside the U.S. as board globalization continues to take hold; a greater need to view risk in more realistic terms; and dramatic technological evolutions in how the board does its job and the company manages its operations.

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☆☆☆ 2013 ☆☆☆ DRI CLASS ACTION SEMINAR

2011 DRI Class Actions Seminar to announce there will be another program in 2013.

The Supreme Court’s 2012 Docket features four class actions cases as well as a collective action case under the Fair Labor Standards Act. In recognition of the importance of these cases and the continued evolution of the class action practice, several of DRI’s substantive law committees—including Drug and Medical Device, Product Liability, Commercial Litigation, Labor and Employment, Appellate Advocacy Insurance, and DRI International—have again banded together and are assembling another outstanding program on class action practice. Featuring timely updates on the latest Supreme Court decisions as well as practical advice on cutting edge issues, this program will provide valuable resources for the class action practitioner. For those interested in the topic, the program is scheduled for July 25 and 26 in the Washington DC area and more details will follow soon.

Jeffrey A. Holmstrand, Program Chair
Tim E. Congrove, Program Vice Chair
Paul Lavelle, Law Institute





Brand Protection:
How Social Media Has Revolutionized Litigation,
Crisis and Public Affairs.

Richard Levick
President & CEO, Levick Communications, USA. A Forbes commentator and 100 most influential people in the boardroom (NACD)

"Strategies leverage social media connections to not just create awareness, but engagement opportunities that strengthen the audience's ties to the brand. At the end of the day, that's what social media is really all about."

—Richard Levick, Esq.,
President and CEO of LEVICK Strategic Communications

Richard Levick is the co-author of three books including The Communicators: Leadership in the Age of Crisis and is a regular commentator on television and print, including Forbes.com and Fast Company.

SOME SOCIAL MEDIA WISDOM:

- Amassing hundreds of thousands of social media fans and followers is about more than erecting a symbol of brand strength; it's about strengthening consumer and stakeholder relationships.
- Social media strategy, is the most effective way to forge lasting connections based on the ways that your products and services enrich and empower people's lives.
- Social media communication serves as pollsters for legislators, regulators, and other governmental bodies. Industry analysts monitor their reports like hawks.
- Your digital team knows Information Age tactics backwards and forwards—but they are looking to you to provide the strategic vision that their tactics ultimately support. By pushing your digital team to take on new challenges each time benchmarks are reached, you will not only keep them motivated, you will keep them keenly aware of the overall mission their work supports.

PRESENTER:

Richard Levick
President & CEO, LEVICK Strategic Communications
www.levick.com

President & CEO of LEVICK, which represents countries and companies in the highest-stakes global communications matters—from the Wall Street crisis and the Gulf oil spill. Mr. Levick was honored for the past four years on the prestigious list of "The 100 Most Influential People in the Boardroom" and has been named to multiple professional Halls of Fame for lifetime achievement.

WORKSHOP DETAILS:

Date: 18 December 2012
Time: 2.30pm - 6.00pm
Venue: The Grand Copthorne Hotel
Cost: SGD480 per pax or SGD3000 for table of 8 (price includes cocktail reception)
Networking: 6.00pm - 8.00pm

TO REGISTER: Email us at gims.events@gmail.com or Call us at (603) 2300 041

BLOGS worth following



THOUGHT LEADERS

Amber Naslund
brasstackthinking.com
Amber Naslund is a coauthor of The Now Revolution. The book discusses the impact of the social web and how businesses need to “adapt to the new era of instantaneous business.

Brian Halligan
hubspot.com/company/management/brian-halligan
HubSpot CEO and Founder.

Chris Brogan
Chrisbrogan.com
Chris Brogan is an American author, journalist, marketing consultant, and frequent speaker about social media marketing.

David Meerman Scott
davidmeermanscott.com
David Meerman Scott is an American online marketing strategist, and author of several books on marketing, most notably The New Rules of Marketing and PR with over 250,000 copies in print in more than 25 languages.

Guy Kawasaki
guykawasaki.com
Guy Kawasaki is a Silicon Valley venture capitalist, bestselling author, and Apple Fellow. He was one of the Apple employees originally responsible for marketing the Macintosh in 1984.

Jay Baer
jaybaer.com
Jay Baer is coauthor of, “The Now Revolution: 7 Shifts to Make Your Business Faster, Smarter and More Social.

Rachel Botsman
rachelbotsman.com
Rachel Botsman is a social innovator who writes, consults and speaks on the power of collaboration and sharing through network technologies.

Seth Godin
sethgodin.typepad.com
Seth Godin is an American entrepreneur, author and public speaker. Godin popularized the topic of permission marketing.

INDUSTRY BLOGS

Holmes Report
holmesreport.com
A source of news, knowledge, and career information for public relations professionals.

NACD Blog
blog.nacdonline.org
The National Association of Corporate Directors (NACD) blog provides insight on corporate governanceand leading board practices.

PR Week
prweekus.com
PRWeek is a vital part of the PR and communications industries in the US, providing timely news, reviews, profiles, techniques, and ground-breaking research.

PR Daily News
prdaily.com
PR Daily provides public relations professionals, social media specialists and marketing communicators with a daily news feed.

BUSINESS RELATED

FastCompany
fastcompany.com
Fast Company is the world’s leading progressive business media brand, with a unique editorial focus on business, design, and technology.

Forbes
Forbes.com
Forbes is a leading source for reliable business news and financial information for the Worlds business leaders.

Mashable
mashable.com
Social Media news blog covering cool new websites and social networks.

**THE URGENCY
OF NOW.**