



Commercial real-estate veterans, lawyers launch crowdfunding firm [St. Louis Post-Dispatch]

06/19/2015

June 19--Selequity is a new company in an old building constructed as the stable for a lumber planing mill that operated a century ago in downtown Maplewood.

"We call it the mule palace," joked A.J. Chivetta, the company's chief executive.

The mules pulled wagons loaded with lumber that had been delivered to Maplewood's railroad freight depot a few blocks away. What had been the brick-and-beam stable's hayloft is now filled with desks, computers, Selequity bosses and their employees. From there, the bosses, computers and employees make 21st-century connections nationwide.

Selequity launched its crowdfunding platform May 4 in New York at TechCrunch Disrupt, where it and other new companies described their businesses in front of venture capitalists, entrepreneurs and TechCrunch editors. Chivetta delivered the onstage pitch. In crowdfunding, a project raises small amounts of money from a large number of people, often through a website. With Chivetta as Selequity founders are commercial real estate veterans Mark Burkhart and Bill Florent, plus Maria Desloge, another real estate lawyer from Armstrong Teasdale.

Real estate crowdfunding exceeded \$1 billion in 2014, Massolution, a crowdfunding research firm, said in a report released in March. North America led the world with a funding volume at 56 percent market share, the report said. Such crowdfunding will probably rise to \$2.57 billion in 2015, making it one of the fastest-growing industry segments of crowd capitalism, Massolution said.

Key to Selequity's strategy is use of recently implemented federal Jumpstart Our Business Startups, or JOBS Act provisions that regulate investment crowdfunding.

What is Selequity and what does it do? Selequity is an online marketplace for commercial real estate. It allows investors to find investment opportunities in income-producing properties.

We use the new JOBS Act rules to allow for real estate owners and operators to have better access to the investor community. Our technology is designed to allow real estate investors to find the most relevant information about projects and make it simple for real estate owners to present investment opportunities to investors.

What does it say about Selequity that it was the only St. Louis company invited to this year's TechCrunch? We were really honored to be chosen as one of the TechCrunch Disrupt Battlefield contestants. So from thousands of applicants across the country, we were one of just 24 companies

chosen to participate and launch our business at the TechCrunch conference. It was a great experience and I think really great exposure for St. Louis because we're all St. Louisans and very interested in promoting both the (financial tech) and startup community that's so active here in St. Louis.

How does the JOBS Act allow Selequity to exist and appeal to the investors you're targeting? The JOBS Act really is the legal change that enabled the development platforms like Selequity. As a lawyer at Armstrong Teasdale, (I) was looking very closely at the new implications of this law, which have changed 80-year-old rules that prohibited people raising capital from broadly marketing and exposing their investment opportunities to investors. The JOBS Act made it easier to raise capital by allowing people who were seeking investors to seek out any accredited investor and offer investment opportunities to them. An accredited investor is an SEC-defined minimum net worth or income test. But there are eight million accredited investors in the United States, so it's a very big market. And this enables real estate owners now to have better access to those eight million investors. I can't meet all those people for lunch.

Under these new rules, is it correct to say the JOBS Act allows more what you know than who you know in real estate investment? It absolutely now is about information and about what you know and not who you know. In the past, you had to know your investors and have a pre-existing business relationship with them. Under the JOBS Act, (you) really open up the investment opportunities to anyone.

What we've built is a platform that makes it very easy for real estate owners to explain projects to investors and make it very easy for investors to analyze and consume that information and make intelligent investment decisions about real estate investments. We just launched at TechCrunch into our test beta mode and we're completing our first deals in the next few weeks.

Where do you see Selequity in the next year or two, or however far out you can project? This is a brand-new marketplace. We're very enthusiastic about it. We think that within the next year or two, we'll be doing several hundred projects a year on our site. The types of deals we're focused on are income-producing existing real estate and working through our network of real estate owners and operators. So the founding (Selequity) team comes from a background of commercial real estate and law. We have a nationwide network of real estate owners and investors that we're looking to, to really find great projects and make them available to all accredited investors. It's a national platform.

Tim Bryant -- 314-340-8206
tbryant@post-dispatch.com

http://www.bloomberg.com/research/markets/news/article.asp?docKey=600-201506190913KRTRIB_BUSNEWS_62614_42567-1