

**EQUITY  
CROWDFUNDING FOR  
THE ARTS &  
CULTURAL  
INDUSTRIES**

**BOP**  
CHINA

***CONOR ROCHE***

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# WHAT ARE THE TYPES OF CROWDFUNDING?

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**Reward-based crowdfunding** is based on ‘donations for gifts’, where funders give money to activities in return for rewards

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# WHAT ARE THE TYPES OF CROWDFUNDING?

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**Equity-crowdfunding**, rather than donate money, funders **invest** money in an activity and, in return, receive shares or equity.

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# WHAT ARE THE TYPES OF CROWDFUNDING?

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**Other types include - Donation and debt**

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# WHAT DOES CROWDFUNDING MEAN FOR THE ARTS?

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In five years **Kickstarter**, a reward-based crowdfunding platform, has raised over US\$1 billion for creative projects worldwide

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# WHAT DOES CROWDFUNDING MEAN FOR THE ARTS?

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In 2012 the US **National Endowment for the Arts** gave out US\$146 million, during the same year, **Kickstarter** funded roughly US\$323 million of art-related projects.

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# **WHAT TYPES OF PROJECTS HAVE USED CROWDFUNDING?**

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## KICKSTARTER - 2013 (Note - now at over 60,000 successfully funded.)

Category	Successfully funded	Less than \$1,000	\$1,000 to \$9,999	\$10,000 to \$19,999	\$20,000 to \$99,999	\$100,000 to \$999,999	\$1 million raised
<b>All</b>	<b>41,336</b>	<b>4,837</b>	<b>27,260</b>	<b>5,140</b>	<b>3,512</b>	<b>556</b>	<b>31</b>
<b>Technology</b>	720	41	276	98	197	102	6
<b>Fashion</b>	897	100	552	128	101	15	1
<b>Dance</b>	903	79	762	49	13	0	0
<b>Photography</b>	1,092	178	730	130	54	0	0
<b>Comics</b>	1,163	172	729	146	100	15	1
<b>Food</b>	1379	71	741	339	221	7	0
<b>Design</b>	1469	112	549	272	396	137	3
<b>Games</b>	1696	97	714	309	415	143	18
<b>Theatre</b>	<b>2831</b>	<b>399</b>	<b>2144</b>	<b>201</b>	<b>84</b>	<b>3</b>	<b>0</b>
<b>Publishing</b>	3401	553	2267	363	205	13	0
<b>Art</b>	4165	805	2919	316	121	4	0
<b>Film &amp; Video</b>	10007	1029	6193	1533	1150	101	1
<b>Music</b>	11613	1201	8684	1256	455	16	1

# AMERICAN PSYCHO

by Jesse Singer

[Home](#) [Updates](#) **20** [Backers](#) **1,421** [Comments](#) **61**

[London, United Kingdom](#) [Theater](#)

**Funded!** This project successfully raised its funding goal on May 25



**1,421**  
backers  
**\$154,929**  
pledged of  
\$150,000 goal  
**0**  
seconds to go

Funding  
period  
Apr 22, 2013 -  
May 24, 2013  
(32 days)

[Share](#) **9,724** [Tweet](#) [Embed](#)

Patrick Bateman LIVE on stage! Bring a raincoat.

## AMERICAN PSYCHO....

A brand new musical, based on the iconic novel by Bret Easton Ellis, is coming to the **Almeida Theatre in London this December.**

This venture has been a true labor of love for me and our creative team: Roberto Aguirre-Sacasa (Bookwriter), Duncan Sheik (Composer/Lyricist) and Rupert Goold (Director). *But now we need your help to pull it off.*

Every dollar we raise here will go directly toward enhancing our initial non-profit production. For instance, we want to increase our rehearsal time by two full weeks. We'd love to use a live band instead of pre-



Project  
by  
**Jesse  
Singer**  
Los  
Angeles,  
CA  
[Contact  
me](#)

First created  
11 backed  
Has not  
connected

# The Newest Hottest Spike Lee Joint

by Spike Lee

Home

Updates

72

Backers

6,421

Comments

1,201

Brooklyn, NY

Narrative Film

Funded! This project was successfully funded on Aug 22, 2013.



## 6,421

backers

## \$1,418,910

pledged of \$1,250,000 goal

## 0

seconds to go



Project by

Spike Lee

Brooklyn, NY

First created · 11 backed

Has not connected  
Facebook

40acres.com

[See full bio](#)

[Contact me](#)

[Share](#) 115

[Tweet](#)

[Embed](#)



Human beings who are addicted to Blood. Funny, Sexy and Bloody. A new kind of love story (and not a remake of "Blacula").



Pledge \$5 or more

550 backers

All gone!

From Our Vaults, 40 Acres  
Patch Autographed By Me

Estimated delivery: Sep

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# WHAT IS NEXT FOR CROWDFUNDING AND THE ARTS?

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There are currently over **20 crowdfunding platforms** for the arts and creative industries worldwide

**demohour.com** (2011) and **dreamore.com** in China

## Find the right platform for you

FILTER BY MODEL

Donation

Reward

Lending

Equity

FILTER BY SECTOR/AREA OF INTEREST [Clear](#)

Business Finance

Social Good

Arts-Creative

### Bloom VC

Fee structure:

5% fee from project funding total + Paypal fee on successful projects

Model(s):

Reward

Sector(s):

Social Good, Arts-Creative

Funding window length:

30,45 or 60 days.

Funding type:

All or nothing



United Kingdom

Commenced: 2012

Funders outside of the UK can contribute

[Visit platform website](#)

### CrowdBnk [FCA]

Fee structure:

5% fee + 3% transaction costs if successful.  
£1,000 legal fees for equity campaigns

Model(s):

Donation, Reward, Equity

Sector(s):

Business Finance, Social Good,  
Arts-Creative

Funding window length:

Maximum of 90 days

Funding type:

All or nothing



United Kingdom

Commenced: 2013

Funders outside of the UK can contribute

[Visit platform website](#)

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# WHAT IS NEXT FOR CROWDFUNDING AND THE ARTS?

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While crowdfunding is still maturing, there is already a **backlash** against rich artists asking for cash for commercial projects

12 KICKSTARTER • SPIKE LEE • THE GRIO

## Should Spike Lee Be Kicked off Kickstarter?

AUGUST 2, 2013 BY THE GRIO

Facebook 13 Twitter 3 Google+ Pinterest Tumblr Email

Did Spike Lee 'do the right thing' when he launched a [Kickstarter campaign](#) aimed at raising \$1.5 million for his next movie?

Depends on who you ask, but many people are answering that question with a resounding "no."

After announcing the project last week, the 56-year-old filmmaker has faced a [wave of backlash from movie critics](#), fans, and other filmmakers who argue a man of his wealth and stature should not be turning to a platform meant for aspiring artists as his own means to



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Culture Film Zach Braff

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## Zach Braff Kickstarter controversy deepens after financier bolsters budget

Traditional investment takes total backing for *Wish I Was Here* to \$10m, raising further questions about \$2.6m Kickstarter funds



12 KICKSTARTER • SPIKE  
**Should Spike**

AUGUST 2, 2013 BY THE G

Facebook 13 Twitter

Did Spike Lee 'do the r  
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turning to a platform pm  
aspiring artists as his own means to

**MOVIE NEWS**

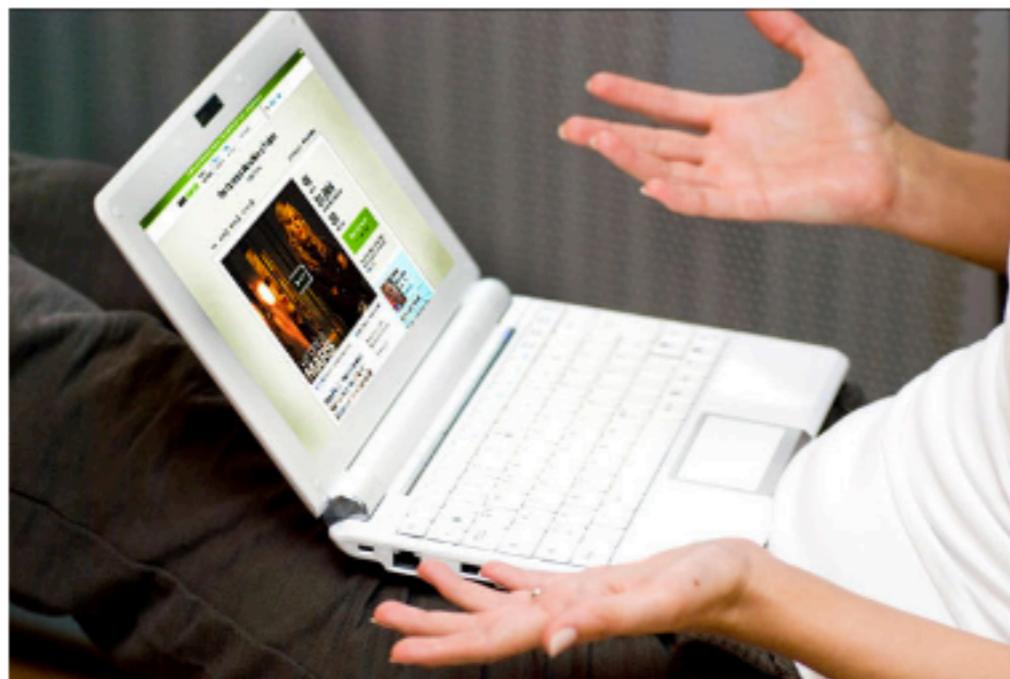
MAR 13  
2013



**'VERONICA MARS' MOVIE  
BACKLASH: WHY IS THE  
KICKSTARTER SO POLARIZING?**

By: **Jean Bentley**

5:02PM EDT



With quick success comes slightly-less-quick backlash.

A mere four hours after the *Veronica Mars* movie **Kickstarter**  
**campaign launched**, the project had raised \$1 million: half the movie's  
modest \$2 million budget (and **29 days left to go**). Proof that there is, in  
fact, a faction of TV fans so passionate that they will shell out their hard-  
earned money for something they've hoped would happen for the six

sy  
budget  
Was Here to  
ter funds

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# WHAT IS NEXT FOR CROWDFUNDING AND THE ARTS?

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To date there is no dedicated **equity-crowdfunding** platform for the arts and cultural industries

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# **WHY IS EQUITY CROWDFUNDING IMPORTANT FOR THE ARTS?**

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# WHY IS EQUITY CROWDFUNDING IMPORTANT FOR THE ARTS?

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AVERAGE CAMPAIGN SIZE

**REWARD**

**\$ 4,076**

**EQUITY**

**\$ 84,597**

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# WHAT ARE THE OPPORTUNITIES FOR THE ARTS WITH EQUITY CROWDFUNDING?

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# NEW INVESTMENT OPPORTUNITIES

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Equity crowdfunding has the potential to attract **new investors to the arts** and creative industries while encouraging existing investors to make further investments.

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# DEMOCRATISING INVESTMENT

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Equity crowdfunding democratises investment by **reducing investment overheads** and facilitating accessible and **transparent investment**. This has the potential to **encourage atypical investors** in the arts because **people can invest as little as £/€/¥/\$ 1**. The potential to **eliminate the 'old-boy' network** and enable a new class of investor in the arts.

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# SUITABLE FOR BIG BUDGET PRODUCTIONS

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Equity Crowdfunding is currently more suitable for big budget productions and projects than reward-based crowdfunding which is more suited to smaller campaigns.

AVERAGE CAMPAIGN SIZE

**REWARD**

**\$ 4,076**

**EQUITY**

**\$ 84,597**

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# EQUITY PLUS REWARDS FOR THE ARTS

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A hybrid crowdfunding model of **equity plus rewards**, or **return on investment (ROI) plus 'soft' benefits**, mitigates the fact that there may not be an immediate exit strategy or financial return. This model provides investors with the perks more typically associated with arts investment.

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# AN OPPORTUNITY FOR INFORMING COMMISSIONING AND MATCHED FUNDING?

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Crowdfunding provides arts funders with an opportunity to evaluate projects that have acquired both an audience and some funding through crowdfunding. This could be a new way to **inform commissioning strategies** and to raise **additional money**.

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# A NEW MODEL AT A NASCENT STAGE OF DEVELOPMENT

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Given that regulated crowdfunding platforms (in the UK) are still **less than two years old** and that these platforms are currently primarily used to enable small numbers of investors to invest large amounts of money in new **business**, the market is open to develop in a myriad of ways.

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# CHALLENGES

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# ENSURING INTELLECTUAL PROPERTY PROTECTION

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Protecting the intellectual property (IP) of projects exposed on an equity crowdfunding platform requires each project to indemnify and ensure their own copyright protection before exposure.

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# MAINTAINING CONTROL

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Businesses are typically governed to maximise profit for shareholders. **Arts projects require the preservation of artistic control and creative leadership.** Equity crowdfunding in the arts highlight the tension between these two positions.

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# UNSUITABLE FOR THE AMATEUR ENTREPRENEUR

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Unlike reward-based crowdfunding, equity crowdfunding platforms require experienced arts entrepreneurs, producers and practitioners. **Soliciting investment in commercial arts projects is always high risk and complex.**

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# COSTS OF COMPLIANCE AND DANGER OF LITIGATION FROM SMALLER INVESTORS

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Costs of compliance could be disproportionately high and there will be a **higher risk of litigation from smaller investors who do not understand the risks of investing** in private companies. Further work is required into the legal and accounting specifics of equity crowdfunding for the arts.

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# CASE-STUDIES

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# The Pajama Game (Post-investment) < BACK



Award winning musical production of a timeless classic at the West End Shaftesbury Theatre.

**LOCATION**

London  
United Kingdom

[ThePajamaGameTheMusical.com](http://ThePajamaGameTheMusical.com)



**INVESTMENT SUMMARY**

INVESTMENT  
OBTAINED:  
**£206,210**

EQUITY  
OFFERED:  
**8.81%**

**FUNDED** ✓ 9 May 2014

[View details of this round](#)

SHARE ON:



**TEAM**



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# SEEDRS.COM

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“make it possible for people to invest as much or as little as they like in startups”

Any user can invest any amount in any project listed on Seedrs

Seedrs is regulated by the Financial Conduct Authority in the UK

Seedrs retains 7.5% of the total investment raised



# Left Behind (2013)

Thriller • North America

This Generation Shall Not Pass

Looking for Financing (Equity, Debt, & Mezzanine)

Track

Share

Message Filmmakers

29

Package Score i

29.3

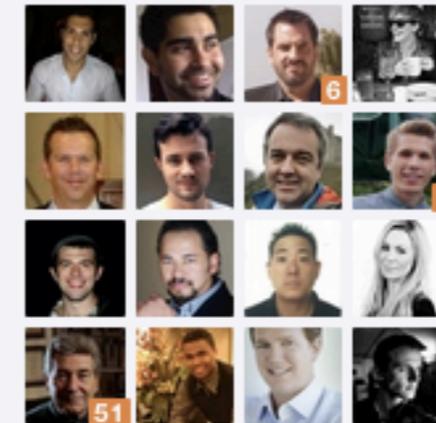
### FINANCIAL INFORMATION

Only accredited investors can view the financial information about this film.

Apply for Investor Status

93 Trackers

17 Intros



View all >

Overview • Updates • Financials lock

### SUMMARY

Without warning, millions of people around the globe simply vanish. All that remains are their clothes and belongings... and an overwhelming sense of terror.

The vanishings cause unmanned vehicles to crash and burn. Emergency forces everywhere are devastated. Gridlock, riots and looting overrun the cities. And there is no one to help or provide answers. In an instant, the earth has been plunged into darkness.

This is the story of the end of time, the story of those LEFT BEHIND.

Box Office and Award data provided by **baseline**

### PRINCIPAL CAST

	<b>Nicolas Cage</b> <span>IMDb</span> <i>Confirmed by LOI</i>	-	27 AWARDS	74 FILMS	>
	<b>Ashley Tisdale</b> <span>IMDb</span> <i>Pending</i>	-	1 AWARD	8 FILMS	>
	<b>Chad Michael Murray</b> <span>IMDb</span> <i>Confirmed by rep</i>	-	-	10 FILMS	>
	<b>Quinton Aaron</b> <span>IMDb</span>	-	1 AWARD	8 FILMS	>
	<b>Jordin Sparks</b> <span>IMDb</span>	-	-	6 FILMS	>
	<b>Lea Thompson</b> <span>IMDb</span>	-	-	32 FILMS	>
	<b>Sabrina Gennarino</b> <span>IMDb</span>	-	-	-	>

Contact us about this profile >

Is something wrong? Let us know.

Request to be added to this profile >

Only request if you are **already** part of this film

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# SLATED.COM

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“An exclusive online market place and match making platform for film makers and film professionals”

Investors must be SEC accredited and vouched for by two other members of Slated

All projects / pitches are vetted by Slated

Size of productions

\$500K – \$15M for features

\$250 – \$2M for documentaries

全民娱乐,你也是出品人

# 娱乐宝

预期年化收益7%的保险产品即将开抢,名额有限抓紧预约!

花点小钱参与影视游戏等娱乐投资,更有精彩纷呈的娱乐权益回报!

我关注的品牌 0

STEP 1

打开手机淘宝  
下载并安装手机淘宝



STEP 2

“扫一扫”二维码  
用手机淘宝的“扫一扫”



STEP 3

预约娱乐投资项目  
选择以下你所钟爱的项目



娱乐宝产品由中国人寿《国华人寿1号终身寿险(投资连结型)A款》产品构成,该产品的本金及其收益均不作承诺



## 《小时代》系列电影

上映日期:2014年  
导演:郭敬明  
主演:杨幂、柯震东、郭采洁、郭碧婷等  
投资周期:1年期  
预期年化收益:7.00%  
限额:1300万

参与用户有机会获得:限量签名剧照、电影首映、明星见面会等



预约请扫码



## 《非法操作》

上映日期:2014年12月  
导演:孙周  
主演:王宝强、小沈阳、辛芷蕾  
投资周期:1年期  
预期年化收益:7.00%  
限额:2600万

参与用户有机会获得:限量签名剧照、限量电影纪念品、电影首映或庆功宴入场券等



预约请扫码

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# YULE BAO / ALIBABA

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"a grassroots investment platform", where users invest money in a range of projects from games, movies, and TV shows

Users can only invest RMB 100 per time and a total of two investments can be made

Investors receive a reward i.e visit to film set, T-shirt etc. and an expected annual return of 7% on the original investment

Yule Bao is managed by Guohua Life Insurance who will place the money into its own set of wealth and insurance funds and subsequently into the entertainment industry

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# **INTERNATIONAL REGULATION**

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# UK AS AN EQUITY CROWDFUNDING LEADER

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The UK has stolen a march on the rest of the world by creating a legitimate environment where equity crowdfunding **investors are protected by the Financial Conduct Authority (FCA)**. This has created a unique opportunity to position the UK as an international hub for equity crowdfunding.

SEEDRS.COM (2012) and CROWDCUBE.COM (2013)

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# EQUITY CROWDFUNDING IN THE EU

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In the EU, equity crowdfunding platforms must comply with EU regulations; each individual country's regulations; and each individual country's interpretations of EU regulations. This complicates and obstructs equity crowdfunding regulation in the EU.

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# EQUITY CROWDFUNDING IN THE EU

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New report from the European Commission 'Unleashing the potential of Crowdfunding in the European Union' March 2014, promotes liberalising regulation.

COMPANISTO.DE AND FUNDEDBYME.COM

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# EQUITY CROWDFUNDING IN THE US

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Following the JOBS act 2012, equity crowdfunding is a legal means of raising capital in the US. However the SEC is reviewing regulation to enable companies raise capital from 'non-accredited' investors. There are currently a number of state level exceptions. Companies can advertise online that they are seeking investments (see [Slated.com](http://Slated.com)).

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# EQUITY CROWDFUNDING IN CHINA

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A regulatory vacuum has blurred legal boundaries for Internet financing in China. The CBRC is leading research on how to regulate peer-to-peer lending and it is unclear if equity crowdfunding is considered 'illegal fundraising' and an illegal means of raising capital. Chinese law does not allow unregistered companies or individuals to sell stakes to the public.

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# EQUITY CROWDFUNDING IN CHINA

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The Shanghai Free Trade Zone, provides an opportunity for innovation in financing, nationally and internationally.

THERE ARE NO EQUITY CROWDFUNDING PLATFORMS  
IN CHINA

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# THE STATE OF CROWDFUNDING IN CHINA

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# THE STATE OF CROWDFUNDING IN CHINA

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'The largest amount raised for a single project at Demohour was Y1.6 million (about US\$260,000), 131 percent of the target, for a cartoon movie named Big Fish and Chinese Flowering Crabapple. 3596 users backed the project. The most supported project, also a movie called A Hundred Thousand Bad Jokes, raised Y1.3 million (about US\$210,000) from 5,533 users.' - source World Bank, 'Crowdfunding's Potential for the Developing World' 2013

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# THE STATE OF CROWDFUNDING IN CHINA

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By 2025 the Chinese crowdfunding industry is estimated at US\$50 billion - source World Bank, 'Crowdfunding's Potential for the Developing World' 2013

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# THE STATE OF CROWDFUNDING IN CHINA

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Weak intellectual property protection in China dissuades people from posting their ideas online.

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**INTERESTED?**  
**CONOR@BOP.CO.UK**

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