

# The 7 Best Equity Crowdfunding Sites For Businesses & Entrepreneurs

12 comments

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## So, what *is* equity crowdfunding, anyway?

Let's start with the term "crowdfunding." If you're only loosely familiar with the concept, you might think of GoFundMe's brand of medical and charitable crowdfunding. You may also think of rewards-based crowdfunding platforms like Kickstarter and Patreon in which entrepreneurs and artists solicit funds from backers in exchange for a physical product or exclusive creative content.

What if I told you that there existed an entirely different form of crowdfunding — one in which entrepreneurs and startups receive funding from backers in exchange, not for gifts or products, but for **an equity stake in the company**? A crowdfunding campaign in which the backers are **investors**?



Equity-based crowdfunding got its start later than rewards crowdfunding because crowdfunding involving investments was, until relatively recently, **illegal** in the US. Enter the **Jumpstart Our Business Startups Act**, better known as the JOBS Act. Passed by Congress and signed into law by President Obama in 2012, the JOBS Act amended federal securities regulations to legalize equity crowdfunding. The reasoning was that allowing startups to publicly solicit investment via crowdfunding would help spur the economy in general and **startup formation** in particular.

The various portions of the Act, however, did not immediately come into force. For instance, the provision that allowed the offering of equity investment to non-accredited investors (more on what this means later) wasn't actually enacted until 2016. Suffice to say, **equity crowdfunding is new**. In fact, the **reality of equity crowdfunding** hasn't yet lived up to the loftier predictions of those who pushed its creation. Nonetheless, the fact remains that billions of dollars have been raised by startups and companies via equity crowdfunding. For the right kind of business, equity crowdfunding represents a prime opportunity.

If your company is still just getting off the ground, however, you might find that rewards crowdfunding is a better fit for your enterprise, considering that investors tend to be less starry-eyed than the typical crowdfunding project backer. In this case, you might want to read our reviews of **Kickstarter**, **Indiegogo**, and **Patreon**. Bear in mind that in many cases, a successful rewards crowdfunding campaign can set you up for an equity crowdfunding campaign by showing proof of demand to potential investors.

Let's take a look at the leading equity crowdfunding sites and what they have to offer growing businesses.

## Learn More About Our Preferred Lenders

Company	Summary	Next Steps
	Lendio is a business financing platform that matches customers to funders, including SBA lenders. It has a relaxed credit score requirement, and there's no fee for using the service.	<a href="#">Visit Site</a> <a href="#">See Our Review</a>
	OnDeck is a hugely prolific online small business lender and offers two types of business loans: short term loans and revolving lines of credit. Despite potential drawbacks, if you need a fast loan or don't qualify elsewhere, it's hard to beat OnDeck.	<a href="#">Visit Site</a> <a href="#">See Our Review</a>

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## But First, A Warning

Let's pump the brakes for a moment and go over the disclaimer I've started putting on my equity crowdfunding reviews:

*Bear in mind that equity crowdfunding is a still-evolving field, with the full impact of the JOBS Act still being assessed. Equity crowdfunding is a more complex proposition than, say, rewards-based crowdfunding, as investing is much more substantially regulated. Consult an attorney if you have any legal questions regarding the process, SEC regulations, etc.*

In short: **Equity crowdfunding is legally complex.** Be careful and don't get into trouble!

## Crowdfunder

Crowdfunder ([see our review](#)) was launched in Los Angeles in 2012 with a mission to, in the company's own words, "empower thousands of entrepreneurs to grow high-impact ventures." The company provides the following figures regarding equity funding services:

- \$160,000,000 in investment commitments on the platform
- 12,000 individual & institutional investors
- 36,000 companies
- Funded 100+ deals with an average deal size of \$1.8M

Let's take a closer look at the equity crowdfunding platform with the hopelessly generic name. (The company shares its name with an unrelated British rewards crowdfunding site.)

## Best For...

Crowdfunder is very explicit regarding its target audience:

*Crowdfunder is designed for early-stage startups and more mature businesses raising seed stage, Series-A & Series-B funding. Our offering does not cater to inception stage companies at this time.*

*The platform accepts businesses that fall into a variety of categories including Tech Startups, Social Enterprises, Small Businesses, and Film & Entertainment.*

A look through the companies currently campaigning on Crowdfunder reveals more tech companies than anything else, with financial/investment companies a close second.

## Products Offered

Crowdfunder allows companies to raise money via Title II equity crowdfunding. For those who aren't familiar with what I mean, here's a brief explainer.

**Title II equity crowdfunding** essentially means your crowdfunding campaign can solicit investment from **accredited investors only**. An "accredited investor" is defined someone who either has a net worth of \$1,000,000 minus the value of their principal residence **OR** who made more than \$200,000 a

year for the past three years. The term simply refers to someone with a certain level of wealth/income — it does not denote any particular investment skill.

**Title III equity crowdfunding, or Regulation Crowdfunding,** means you can solicit investment from anybody — both from accredited investors and those who are not. Title III crowdfunding was legalized more recently than Title II crowdfunding and is currently less widely used. On its website, Crowdfunder explains why it does not currently allow Title III crowdfunding.

With Crowdfunder, all funds are transferred offline, so Crowdfunder doesn't take a percentage cut of what you raise. And while it won't cost you anything to create a (non-public) profile on the platform, you'll need a monthly subscription in order to launch your equity campaign.

- Crowdfunder's **Starter** package, for **\$299/month**, lets you take your profile public and start raising money.
- The **Premium** plan, at **\$499/month**, gives you the above while letting you browse and contact the accredited investors on Crowdfunder's platform. You also get advanced data/metrics and up to one hour per month of phone support.

I'll note that in addition to equity-based crowdfunding, Crowdfunder lets you raise money via debt, convertible note, or revenue share offerings. Furthermore, Crowdfunder's funding campaigns are keep-what-you-raise — you don't have to hit a specific funding goal to collect funds.

## Requirements

Anyone can set up a profile on Crowdfunder's website, but in order to launch your campaign, you'll have to prepare and submit three documents: the Term Sheet, the Executive Summary, and the Investor Pitch Deck. These documents are complex, particularly the Term Sheet. Crowdfunder recommends that you work with an attorney when creating your financial offering.

Of course, you'll also need to buy a monthly subscription before raising funds.

## How To Apply

Anyone can set up a profile on Crowdfunder and submit the documents required for taking your campaign public. However, upon reviewing your documents, it's up to Crowdfunder's sole discretion to determine whether your business is "high-impact" enough for their platform.

## Takeaway

Startups with boundless growth potential, particularly tech and investment startups, stand to potentially raise significant sums through Crowdfunder's equity crowdfunding platform. While the monthly fees are high, they'll be worth it if your campaign is successful, as Crowdfunder doesn't charge a platform fee.

[Read our full Crowdfunder review](#)

## EquityNet

Like Crowdfunder, EquityNet ([see our review](#)) is an equity crowdfunding site that doesn't process transactions itself, but rather facilitates offline transactions between campaigners and investors. Founded in Fayetteville, Arkansas in the pre-crowdfunding days of 2005 as a private investment company, EquityNet started offering equity crowdfunding after the enactment of Title II of the JOBS Act.

**EquityNet** 



### Best For...

EquityNet markets itself to a broader range of entrepreneurs and businesses than does Crowdfunder. EquityNet states in its FAQ that they are not just a platform for high-tech and high-growth businesses:

*EquityNet is designed with flexibility to accommodate all ranges of private businesses, whether it's an \$100M/yr in revenue international biotech company, a pre-revenue one person software start-up, or a modest one-location coffee shop.*

## Products Offered

EquityNet offers entrepreneurs and businesses the ability to use its equity crowdfunding platform. EquityNet's equity campaigns operate under Title II rules, so you'll be raising funds from accredited investors only. You'll also get to keep everything you raise regardless of whether you hit your funding goal.

Since all funds are transferred offline, EquityNet doesn't take a cut of what you raise. Instead, EquityNet operates on a subscription basis. You can actually sign up with EquityNet and publish your business profile for free, but if you want to, say, share your business plan with investors (investors typically like to see a business plan before investing in something!), you'll need one of EquityNet's three subscription plans.

- The **Full Access** package goes for a one-time fee of **\$900** and gives you full access to the accredited investors on the site. You'll also get full access to fundraising documents and EquityNet's patented business planning tools.
- The **Premium Consulting** package goes for **\$2,500** and gives you all of the above, plus access to one-on-one consultations with an EquityNet team member regarding every aspect of your business plan, funding strategy, pitch, marketing, and more.
- The **EquityNet +** plan costs a whopping **\$25,000** and gives you the ultimate hands-on equity crowdfunding package in which the company tailors everything to your exact needs.

Also note that since all transactions between entrepreneurs and investors occur offline, you can theoretically enter into a debt funding arrangement with an investor or even seek a grant. It's up to you.

## Requirements

Anyone can freely set up a business profile page on EquityNet. However, EquityNet reserves the right to remove profiles for any reason.

Of course, you'll need a paid subscription if you want to run an equity funding campaign with any likelihood of success.

## How To Apply

Just sign up with EquityNet and set up your profile. EquityNet does not pre-screen businesses before allowing them onto the site.

## Takeaway

The folks at EquityNet make a point to try to attract a broad range of businesses to their platform. It's not just for Silicon Valley tech startups and investment funds. And while the premium services cost a pretty penny, they come with one-time charges, not monthly charges. EquityNet is one of the less elitist equity crowdfunding sites out there, and to that, I'll tip my cap.

[Read our full EquityNet review](#)

## Fundable

Founded in 2012 and based in Ohio, Fundable ([see our review](#)) is an unusual crowdfunding site in it hosts host **both rewards and equity crowdfunding campaigns (though not both simultaneously)**. Think of it as both a Kickstarter-type platform and an equity crowdfunder. Given the subject of this article, however, I'll be focusing on the equity side.

# FUNDABLE

## Best For...

You can raise funds for just about any type of business endeavor on Fundable. When it comes to choosing a rewards campaign or an equity funding campaign, Fundable **states** that rewards campaigns "are effective for smaller dollar raises (typically below \$50,000)" and goes on to describe the target audience for its equity campaigns:

*Equity raises are best for companies looking for larger sums of operating capital to move their business forward. Also, some businesses do not have a developed product or service that they can market through a Rewards raise, so offering equity is their best bet for raising funding.*

## Products Offered

Fundable is another crowdfunding platform that doesn't take a percentage of what you raise, but rather charges a flat monthly fee to launch a campaign. Fundable offers two subscription packages:

- The **Standard** package costs **\$179/month** and gives you data analytics, email support, a guide for marketing your crowdfunding campaign, and marketing outreach templates.
- The **Premium** package is available for a one-time payment of **\$2499**. With this package, Fundable puts you in contact with the accredited investors the company believes will be the most receptive to your pitch. Fundable will also provide a list of relevant media contacts so you can better conduct media outreach for your campaign.

As with the previous two companies discussed, all funds transferred in a Fundable equity campaign are transferred offline. You are therefore free to seek a debt-based funding arrangement (or any other type of funding arrangement).

## Requirements

Once you set up your Company Profile in which you detail your company, your proposed campaign, and your funding goals, you'll have to wait for Fundable to approve your project before you can continue. If you're approved, you then choose which type of crowdfunding campaign you'd like to run and a subscription package.

## How To Apply

Go to Fundable's website and get started!

## Takeaway

Fundable is a flexible crowdfunding platform in terms of what sort of campaign you can launch through the site, and they provide invaluable assistance with media outreach, marketing, and investor contacts at the highest subscription level. Fundable does pre-screen businesses before allowing them to begin fundraising, however, so make sure you have everything in order before you begin the process.

[Read our full Fundable review](#)



# AngelList

Founded in 2010 in San Francisco, AngelList is one of the leading equity crowdfunding platforms. It's the only crowdfunding site that doubles as a job board for job-seekers trying to find a position with a startup. AngelList distinguishes itself by being the rare crowdfunding platform that lets entrepreneurs/startups raise money free of charge. All fees are paid by investors. Pretty cool, huh?

## **Best For...**

Anybody can sign up with AngelList and attempt to raise money from the accredited investors on the site. However, AngelList doesn't quite provide the guidance for those looking to crowdfund that many other crowdfunding platforms give you. Their website is much more spartan than the competition, with relatively little information for startups as to how you launch your campaign. Be prepared to do some research.

## **Products Offered**

AngelList doesn't offer any subscription packages with special features. You just sign up with AngelList on the website, and once you've completed your profile, you can launch your Title II crowdfunding campaign and get in touch with accredited investors.

Companies using AngelList raise money through investment syndicates. It's an investment arrangement that differs from that of the other crowdfunding sites I've detailed today. Essentially, accredited investors give money to "angel" investors who then invest the pooled money into companies on the platform.

Keep in mind that though you won't have to pay a monthly charge or a cut of what you raise to AngelList, that doesn't mean there are no costs associated with running an equity campaign. The process of arranging an equity deal with investor syndicates on AngelList will cost you money due to paperwork, legalities, etc.

## **Requirements**

There are no particular requirements for a company looking to establish a profile on AngelList. Of course, in order to actually raise any money, your plan of action must be formidable enough for AngelList's syndicates to take an interest in you, so this platform isn't for just anybody.

## How To Apply

Create a startup profile on AngelList's website and start kissing angel investor butt! (Or use any other technique you find effective)

## Takeaway

AngelList is a more freewheeling platform than some of the others discussed here, and the complexities involved in working out deals with investor syndicates may seem daunting to the first-time entrepreneur. However, AngelList has an **excellent public reputation** and is highly rated by those who have used the platform to conduct equity raises, many of whom **have used multiple equity crowdfunding sites**.

## WeFunder

WeFunder ([see our review](#)) differs fundamentally from the other services I've mentioned. Every site I've mentioned thus far deals in Title II crowdfunding (accredited investors only) and not Title III (anyone can invest). Wefunder, founded in 2012 and based in Cambridge, MA, is the most successful crowdfunding platform to use **Title III equity crowdfunding**, or **Regulation Crowdfunding**. In fact, with over \$50 million raised thus far, Wefunder comprises 50% of the market share in the Regulation Crowdfunding industry.



## Best For...

Of the 174 companies that have been successfully funded through Wefunder, the company states that “Most are alumni of Y Combinator.” That should tell you something about the sort of company to whom Wefunder is best suited. The rare startup with exponential growth potential stands a decent chance of finding funding through the platform. Other businesses may have a tougher time of it. I’ll note that tech and food companies seem to comprise the majority of funded startups on Wefunder.

Only US corporations and LLCs can use Wefunder for crowdfunding.

## Products Offered

Wefunder offers the use of its equity crowdfunding platform through which you can raise anywhere from \$20,000 to \$1,070,000. You’ll have to pay a **\$195 fee** before you can start crowdfunding, and if you’re successful in reaching your funding goal (Wefunder is an all-or-nothing crowdfunding site), Wefunder will take **7%** of what you raised as a **platform fee**. Take that into account when setting your funding goal.

## Requirements

There are no particular requirements for joining Wefunder. The company prescreens applicants for fraud and to make sure your startup complies with the rules, but that’s about it.

## How To Apply

Go to Wefunder’s website, sign up and fill out your business profile, and wait to hear back from the company.

## Takeaway

Wefunder is the industry leader in Regulation Crowdfunding and can take the right kind of high-growth startup to funding success. Regulation Crowdfunding hasn’t yet been the boon some hoped it would be, but Wefunder is one of the few companies thus far to truly make it work.

[Read our full Wefunder review](#)

# SeedInvest

SeedInvest ([see our review](#)) was founded in 2012 just as the JOBS Act was being signed into law. In fact, founders Ryan Feit and James Han were part of the movement to get the Act passed in the first place. Like Wefunder, they offer Regulation Crowdfunding, opening up investing to the masses.



### **Best For...**

By their own estimation, SeedInvest has approved only 1% of the companies who have applied to use their platform. SeedInvest is an exclusive platform and they don't care who knows it. Tech companies seem to dominate the list of offerings on SeedInvest's site.

I'll note that while many crowdfunding sites refuse to have anything to do with cannabis-related companies, SeedInvest appears not to be one of them. "Green" startups, take note!

### **Products Offered**

Wefunder offers up the use of its equity crowdfunding platform to the lucky few who survive the vetting process. Per the FAQ, this is what SeedInvest offers to those who get through:

- Simplify and speed up your fundraising process
- Access a network of accredited investors from around the world
- Host virtual fundraising sessions from your desk

- Streamline investor pitches, execution of legal documents, and processing of investments

Unfortunately, SeedInvest's fees are complex and depend on your specific offering type:

- **7.5% placement fee**; charged on the total amount raised on SeedInvest in the round, paid only upon the successful completion of your offering.
- **5% warrant coverage or equity**; based on the total amount raised on SeedInvest in the round.
- **Up to \$0 – \$10,000** in due diligence, escrow, marketing and legal expense reimbursements.

Though the fees are considerable, one advantage of SeedInvest is that you can raise up to \$30 million on the platform.

## Requirements

SeedInvest doesn't lay out specific criteria for making it onto its site, but remember that only 1% of applicants survive SeedInvest's extreme vetting process. You'd better have done your homework!

## How To Apply

Go to SeedInvest's website, sign up for an account, fill out your project information, and wait to see if you'll be accepted into the 1%.

## Takeaway

To state the obvious, SeedInvest isn't for everybody. Only the startups with the highest growth potential need apply. If this is you, SeedInvest may be worth investigating.

[Read our full SeedInvest review](#)

## MicroVentures

Founded in 2009 and based in Austin, MicroVentures ([see our review](#)) is another example of a Regulation Crowdfunding platform. You should know what that is by now if you've been paying attention!

MicroVentures states that "(t)he sweet spot for our platform is companies or startups that need \$150,000 to \$1,000,000 in capital." Thus far in their



lifetime, MicroVentures has facilitated the raising of over \$100 million for high-growth startups. Let's take a closer look at them.



## Best For...

According to MicroVentures, the following industries are its main areas of investment:

- Internet technology
- Media and entertainment
- Software
- Green technology
- Mobile
- Social
- Gaming

MicroVentures goes on to describe the sort of company that best fits the platform:

*MicroVentures looks for businesses that have a unique idea or a new spin on an old technology. We review the team, traction, market size and other factors to determine if the company will be a good fit for our platform. Additionally, we believe in accountability to the*

*business (or concept), which is one reason we seek to identify firms whose founders already have invested their own capital in their business.*

## Products Offered

MicroVentures offers equity crowdfunding with the following fees:

- **\$99 application fee**
- **\$250 due-diligence fee**
- **5% of what you raise**

MicroVentures is an all-or-nothing crowdfunding site. If you raise some money but fail to meet your funding goal by the time your campaign ends, you'll get nothing and like it.

## Requirements

MicroVentures doesn't spell out any specific requirements to meet in order to be approved to start crowdfunding, but they do state the following:

*We review every company that is submitted but we are only able to respond to the ones that we think will be successful on our platform. This is less than 5% of the companies that submit so please include as much detail as possible for us to evaluate.*

So, 5% of applying businesses get through. That's better than SeedInvest's 1%, but it's still a high bar to clear!

## How To Apply

Sign up for a MicroVentures account, fill out the application for an offering, and submit it.

## Takeaway

MicroVentures has a solid reputation in the industry. They offered investments in Facebook and Twitter before each went public. For the 5% of startups that, in MicroVentures's estimation, have that kind of growth potential, this equity funding site holds great promise indeed.

**[Read our full MicroVentures review](#)**

# Final Thoughts

Equity crowdfunding has only been around for a few years. Suffice to say, it is a work in progress. If you play your cards right, however, it might be just the thing to take your startup to the next level. If you've done your due diligence in preparing your offering and you possess the ability to excite investors, professional and amateur, then it's certainly an avenue worth exploring.