Research Square

Preprints are preliminary reports that have not undergone peer review.
They should not be considered conclusive, used to inform clinical practice,
or referenced by the media as validated information.

Moving the Goalposts: Revisable Funding Thresholds in Regulation Crowdfunding

Jason Cherubini

jccherubini@loyola.edu

Loyola University Maryland

Research Article

Keywords: Regulation Crowdfunding, all-or-nothing funding, funding target, target revision, small business finance, measurement

Posted Date: November 23rd, 2026

DOI: https://doi.org/10.21203/rs.3.rs-11527627/v1

License: This work is licensed under a Creative Commons Attribution 4.0 International License.
Read Full License

Additional Declarations: No competing interests reported.

Moving the Goalposts: Revisable Funding Thresholds in Regulation Crowdfunding

Abstract

All-or-nothing crowdfunding releases funds only if commitments reach the issuer's target, a threshold usually treated as fixed at launch. U.S. Regulation Crowdfunding lets issuers lower it during the offering, and the public amendment record shows when they do. Across all 7,295 first-time offerings with deadlines through 2024, issuers cut the target by at least 5 percent in 6 percent of offerings, from under 1 percent of those with the smallest targets to 14 percent of those with the largest; within portals and regulatory periods, a one-unit increase in the log initial target is associated with a 7.0 percentage point higher probability of a cut. Most cuts come within 30 days of the deadline then in force and in debt offerings, and nearly half are on two main-street portals. Outcome reports exist for only 43 percent of offerings. Among them, the log initial target is associated with an 11.5 point lower probability of reaching the original target, 9.6 points of which reflect offerings that met a lowered threshold, which success measures built from the latest amendment count as successes. Outside the two debt portals, later issuer filings corroborate a securities sale for 24 of 34 such offerings, and all 19 usable amounts they state are below the original target; on the debt portals few issuers file again. The financing condition investors see at launch is revisable, and its revisions are observable for every offering, even where outcomes are not.

Plain English Summary Small businesses raising money online can lower the minimum they need to raise, and those asking for the most do so most often. Using every first-time U.S. Regulation Crowdfunding offering with a deadline through 2024, I show that 14 percent of the largest campaigns lower their goal, mostly within a month of the deadline they then faced, and nearly half of all goal cuts are by small businesses borrowing on two loan portals. Among the

minority of campaigns that report a result, most of the link between bigger goals and missing them comes from campaigns that met a lowered goal. Outside the loan portals, later filings corroborate sales for 24 of 34 such campaigns, and all 19 usable amounts they state are below the original goal. Researchers should say which goal defines success, and regulators could flag goal changes and require a final amount sold.

Keywords: Regulation Crowdfunding; all-or-nothing funding; funding target; target revision; small business finance; measurement

JEL Classification: G18, G23, G32, L26

1 Introduction

All-or-nothing funding is a commitment device. An entrepreneur who sets a funding target receives nothing unless investors commit at least that amount, which shifts risk to the entrepreneur and signals commitment to the project (Cumming, Leboeuf, & Schwienbacher, 2020). U.S. Regulation Crowdfunding (Reg CF) uses this rule: investors' funds are released only once commitments reach the target. It also lets the issuer lower the target during the offering by amending its Form C. An offering can therefore miss the target it launched with and still close at a lower threshold, after investors have seen the original one. The minimum financing condition is not fixed: it is a term the issuer can revise, and every revision is a public filing. This paper asks how often issuers revise it, which issuers do, and what revisions do to measured success.

The answer matters for how the field measures success. Target size is among the most studied predictors of crowdfunding success: larger goals predict lower success in reward crowdfunding (Mollick, 2014), and in Reg CF larger offering amounts are less likely to succeed (Cumming, Johan, & Reardon, 2021, 2025), although the estimated effect of a higher goal depends on how performance is measured (Suk & Hwang, 2025). Staff of the Securities and Exchange

Commission (SEC) take the target from the latest amendment (Ivanov & Knyazeva, 2017), so their measure counts an offering that lowers its target and meets the lower one but not the original as a success; a measure against the launch target counts it as a failure. The two measures answer different questions: whether an offering met the goal it announced, and whether it met the threshold that governed the release of funds.

Using the 7,295 first-time offerings with deadlines through 2024 among all 10,687 Reg CF offerings filed with the SEC from 2016 to 2026, I first describe revisions for every offering, without relying on outcome reports. Target cuts are systematic: they rise steeply with the initial target, and the association is positive within each large portal with at least five cuts; across all offerings, the log target is more strongly associated with cutting the target than with other amendments or with the deadline extensions those amendments make. Most cuts come within 30 days of the deadline then in force, and they concentrate among small businesses raising debt on MainVest and Honeycomb. Second, among the 43 percent of offerings with a recorded outcome, most of the within-portal association between a larger initial target and missing that target reflects offerings that lowered the target and met the lower one. This is an accounting split of a selected sample, not a causal decomposition, and it does not show whether larger targets raise the odds of raising nothing. Third, I read the issuers' later filings: outside the two debt portals, they corroborate a securities sale for 24 of the 34 offerings that met a lowered target, 19 of them with a usable statement of the amount raised, and every primary amount stated for them is below the original target and within 5 percent of the reported amount. On the debt portals few issuers file again.

The paper contributes in three ways, the first being central. First, it shows that the funding threshold in Reg CF is a revisable financing condition rather than a choice fixed at launch, and that issuers with the largest targets revise it most. This extends work on how entrepreneurs

choose goals (Chang, 2020; Cumming et al., 2020; Schwienbacher, 2018) and respond when a campaign falls short (Piening et al., 2021; Wilhelm et al., 2024), and it differs from work comparing target-based with amount-raised measures of success (Suk & Hwang, 2025): the object here is a change in the threshold itself, recorded for every offering. Second, it maps where revisions happen, in debt offerings on main-street portals, late in the offering, which ties the finding to contract type and platform procedure. Third, it shows the measurement consequence and its boundary: which threshold defines success changes the estimated role of target size among offerings that report, and later filings document sales only for some. I propose a numeric amount-sold field in final reports and a flag for target changes to close that gap.

2 Institutional setting and related research

2.1 Targets, amendments and closing

An issuer states a target and a maximum on Form C. Funds are released to the issuer only after commitments reach the target, under 17 C.F.R. § 227.303(e) for funding portals and Exchange Act Rule 15c2-4 for broker-dealers. Investors may cancel until 48 hours before the deadline (§ 227.304(a)). An issuer must amend Form C for material changes (§ 227.203(a)(2)). After a material change, commitments are canceled unless investors reconfirm within five business days, and a material change within five business days of the deadline requires extending the offering (§ 227.304(c)). The rules do not say whether a lower target is material; one large portal, StartEngine, treats any change to the target as material and requires investors to reconfirm (StartEngine, 2026). Issuers file progress reports on Form C-U at 50 and 100 percent of the target, or only a final report when the portal displays frequent updates, and a final report when they will accept proceeds above the target (§ 227.203(a)(3)). Issuers that sold securities must also file an annual report on Form C-AR within 120 days of the end of each fiscal year until the obligation ends (§ 227.202). Many offerings have no usable report of the amount raised; SEC

staff treat filed proceeds as a lower bound (Huang & Ivanov, 2025; U.S. Securities and Exchange Commission, 2019).

2.2 The funding target as commitment and choice

Cumming, Leboeuf, and Schwienbacher (2020) find that all-or-nothing campaigns set larger goals, because the entrepreneur bears more of the risk, and succeed more often, which they attribute to the commitment the rule signals. Chang (2020) shows that fixed funding, in which money is refunded if the goal is not met, is the optimal campaign design when backers observe signals about project value, and Strausz (2017) shows how conditional pledges screen projects under demand uncertainty. In these studies the goal is set at launch. Entrepreneurs also act during a campaign: some types of updates raise crowd participation (Block et al., 2018), funding dynamics depend on how a portal allocates securities (Hornuf & Schwienbacher, 2018), entrepreneurs change their product offering when a campaign falls short of their aspirations and of peers, with the time left before the deadline shaping the response (Wilhelm et al., 2024), and they search more widely after a failed campaign (Piening et al., 2021). Reg CF allows a further action: the issuer can amend the threshold itself.

The threshold works as a commitment ex ante, and the option to amend it adds flexibility ex post. Three questions follow, which the filings answer unevenly. Who uses the option, and when? The amendment record shows this for every offering (Section 5.1). Does a revised threshold change what success measures record? Outcome reports show this for the 43 percent of offerings that report (Sections 5.2 and 5.5). Does a close at a lowered threshold end in a sale, and does the sale fund a viable project or leave investors worse off? Later filings corroborate sales for some offerings (Section 5.3), while viability and investor welfare are not observed. Scaling down a business plan and closing a sale the original threshold would have blocked can happen together, so they are not rival explanations. How investors respond depends on whether they are

told and reconfirm, which the rules require only for material changes (§ 227.304(c)) and the filings do not record. Contract type and portal procedure set observable boundaries: a small business borrowing for a fixed project may be able to proceed at a smaller scale, and debt portals standardize how offerings close, so the debt-portal patterns below are hypotheses about those boundaries, not evidence of motive.

2.3 Measuring success in Reg CF

Research on crowdfunding success relates campaign and venture characteristics to the probability of funding success (Ahlers et al., 2015; Piva & Rossi-Lamastra, 2018; Ralcheva & Roosenboom, 2020; for a review, Mochkabadi & Volkmann, 2020). Studies relate success to institutional quality (Cumming, Johan, & Reardon, 2025), platform stakes in issuers (Colombo & Shafi, 2026; Johan & Reardon, 2024), venture risks (Mamonov & Malaga, 2018), firm characteristics and the security offered (Smirnova et al., 2021), and assurance (Bogdani et al., 2022; Burke et al., 2025; Stevenson et al., 2025). Most of these studies define success as raising at least the target. SEC staff take offering terms from the latest amendment and count an offering as successful when it reports proceeds of at least the target (Ivanov & Knyazeva, 2017) or reports proceeds at all (Huang & Ivanov, 2025), and the working-paper version of Cumming, Johan, and Reardon (2025) updates campaign information from Form C/A and drops withdrawn offerings (Cumming et al., 2021); the published version counts withdrawn offerings as failures unless withdrawn shortly after filing, and studies equity-type offerings only. Where the SEC measures use a target, it is the target in force; the working paper does not say which target defines success. To my knowledge, no study documents how often Reg CF issuers lower the target or separates success at the original target from success at a lowered one.

3 Data and measures

The sample contains all 10,687 initial Form C filings by U.S. issuers from May 16, 2016, through March 31, 2026, built from the SEC's quarterly structured data. The main sample is the 7,295 offerings by first-time issuers whose latest deadline passed by the end of 2024, excluding 9 offerings with targets below $1,000, which are data-entry errors (such as $0.01 with a maximum above $1 million). I keep first-time issuers because a repeat issuer's target and reporting depend on its earlier offerings; Online Resource Table A3 reports all offerings.

A reduction (or cut) is an amendment, filed on or before the latest deadline, that sets the target at least 5 percent below the original target; smaller reductions are mostly rounding. The recorded outcome is the cumulative amount on the latest usable Form C-U report, read from its free text by a parser; reports of failure count as zero, and 43 percent of offerings have one. Reaching compares the recorded amount with the original target. Meeting the target in force, or closing, compares it with the target on the latest amendment filed by the report date. Their difference, closing minus reaching, is one for offerings that meet a lowered target but miss the original. Each outcome is measured among offerings with a recorded outcome and, coding offerings without one as zero, among all offerings. Withdrawal, a Form C-W filing, is a failure outcome observed for every offering, although many failed offerings simply lapse without one.

Milestone reports describe commitments during an offering, while final reports describe securities sold, so a recorded amount is not always a completed sale. The parser keeps the wording of each report. Of recorded outcomes, 35 percent describe a final or closed amount; 47 percent give an amount with wording that payments are still being processed, the figure is an estimate, or it counts commitments; and 18 percent state an amount without either; 90 percent of the reports were filed after the deadline in force on the report date. Section 5.2 shows that the

main result does not depend on these distinctions. In a stratified random sample of 200 outcome reports, the parser misread 2 of the 183 that state a usable amount.

The success factors used as controls are those of prior Reg CF studies, taken from the initial Form C: the log target and the log ratio of maximum to target, firm age, Delaware incorporation, limited liability company form, total assets, revenue, profitability, employees, leverage, the security offered (debt, a simple agreement for future equity [SAFE], convertible note, revenue share or other, against priced equity, the omitted category), and whether the portal takes a financial interest in the issuer, with offering duration and indicators for a missing maximum, unclassifiable portal-stake text and crowdfunding-vehicle filings (Online Resource 1 defines each).

An annual report is a Form C-AR or C-AR/A filed by the issuer from 21 days after its Form C to 455 days (about 15 months) after the latest deadline, a window every offering in the sample completes because deadlines end in 2024 and the data run through March 2026. Because only issuers that sold securities must file one, an annual report is an imperfect proxy, observed for every offering, for a completed sale, although compliance is incomplete and varies by portal.

Later filings can corroborate a sale. For the 34 lowered-target closes outside MainVest and Honeycomb, for 34 offerings that reached their original target, matched to them at random on portal brand and a filing year at most one year apart (two years for one pair; four pairs, from portals without a match, on another portal in the same year), and for the 128 lowered-target closes on those two portals, every annual report, termination notice and Form C for a new offering that the issuer filed within three years of the deadline and by October 25, 2026, was read, at least 22 months of follow-up for every offering. A sale is corroborated when a later filing states that the offering's securities were sold or remain outstanding; a portal template line repeating the offering amount does not count. An AI assistant coded the filings in two separately

prompted passes, with the two matched samples pooled and the targets withheld; the second pass also withheld the reported amount, and its codes are used. The MainVest and Honeycomb sample was coded separately, and one adjudication rule was extended after unblinding, affecting two offerings. The passes agree on 73 of the 79 offerings with a later filing (kappa 0.79), a check on the consistency of the procedure, not agreement between independent human coders. The 28 offerings still without a stated amount were then recoded after OCR of every PDF. I then checked the 99 decision-critical codes against the filings and dropped one stated amount that may restate the target. Online Resource 1 gives the protocol and adjudication rules; codes, sources and quotes are in the replication package.

4 Method

Linear probability models relate each outcome to the log initial target and the other success factors, with state and filing year-quarter fixed effects and then adding portal-by-period fixed effects, where the period is before or after the March 15, 2021, increase in the offering limit. Portal-by-period effects absorb differences in reporting and amendment practice across portals and over time. Issuers choose their targets and portals, so the estimates are associations, not causal effects.

Standard errors are clustered by portal brand, which merges the separate SEC registrations of StartEngine, OpenDeal (Republic) and NextSeed (126 brands in the main sample, 61 among offerings with a recorded outcome). P-values come from a wild cluster bootstrap by brand that imposes the null hypothesis, with 9,999 draws, and 95 percent intervals invert the same test (Cameron et al., 2008; MacKinnon et al., 2023; Webb, 2023). With a few dominant brands, this bootstrap gives larger p-values than conventional cluster-robust inference for most estimates reported here, although it does not guarantee valid inference; Online Resource Table A2 reports both.

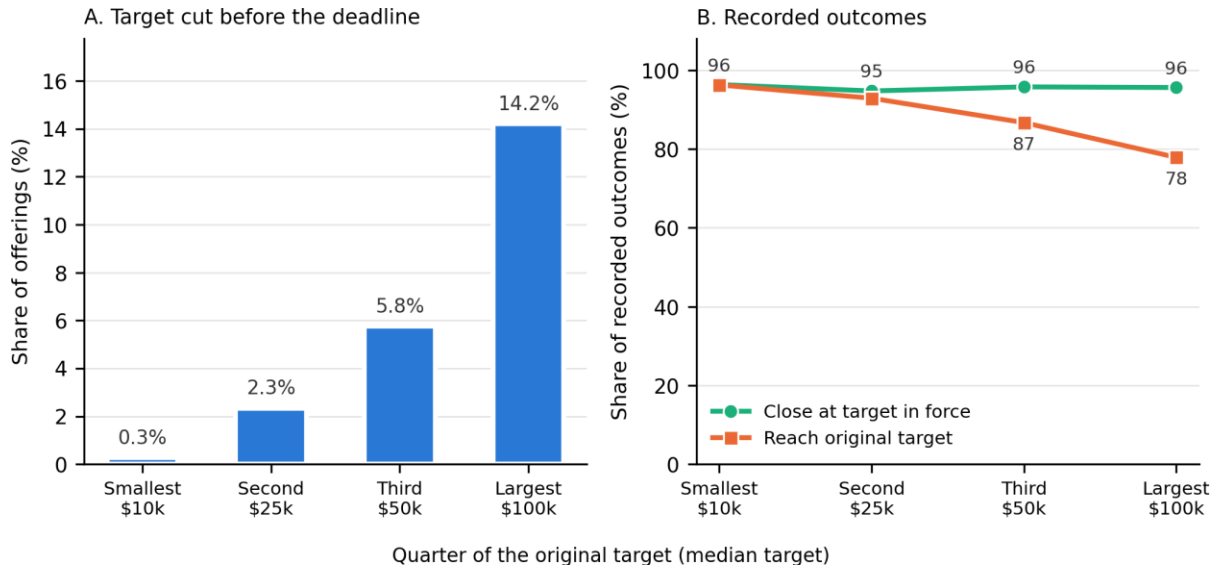
Use of AI tools. During preparation of this manuscript, the author used Claude (Anthropic) for drafting, language editing, analysis code, verification of reported numbers and two separately prompted first-pass codings of issuers' later filings (Section 3), and Codex (OpenAI) for literature searches, citation checks, review of the wording for overstatement and assistance with earlier data-construction code. The author reviewed all AI-assisted work and takes responsibility for the accuracy, interpretation and content of the manuscript.

5 Results

5.1 Which offerings lower the target

Issuers lower the target in 6 percent of first-time offerings, and the share rises steeply with the target: under 1 percent in the quarter of offerings with the smallest targets, 2 percent and 6 percent in the middle quarters, and 14 percent in the quarter with targets above $50,000 (Table 1 and Fig. 1). Within portal and period, a one-unit increase in the log target is associated with a 7.0 percentage point higher probability of a cut (95% interval 4.6 to 9.9; Table 2). Cuts are common on MainVest (17 percent of its offerings) and Honeycomb (11 percent) and rare on StartEngine (under 1 percent), but the association holds without MainVest and Honeycomb (+0.056; Online Resource Table A3) and ranges from +0.063 to +0.074 when one brand at a time is left out (Online Resource Table A2).

Fig. 1 Target cuts, reaching and closing by target size



Notes: First-time offerings by quarter of the original target. Panel A: share cutting the target by at least 5 percent before the deadline. Panel B: among offerings with a recorded outcome, the shares reaching the original target and closing at the target in force; Table 1, Panel B gives the share with a recorded outcome. Unadjusted rates.

Table 3 asks whether the association is specific to lowering the threshold or reflects a general tendency of large offerings to amend. Within each of the six portals with at least 150 first-time offerings and five cuts, the point estimate for the log target is positive, from +0.050 on StartEngine, which has only five cuts, to +0.197 on Honeycomb (Panel A), although the pooled estimates carry the inference; the two other portals with 150 or more first-time offerings have one cut between them. Across all first-time offerings, without conditioning on whether an offering cut, the log target is not significantly associated with an amendment that does not cut the target (+0.002, p = .930), which almost always leaves it unchanged, or with a deadline extension made by such an amendment (+0.010, p = .562), and the slope for a cut exceeds these by 0.069 (95% interval 0.028 to 0.101) and 0.061 (0.022 to 0.089; Panel B). The association with target size is stronger for cuts than for these other amendments; this describes what issuers do, not why. Among the 300 recorded offerings that fell short of their original target, the association with cutting is +0.072 (p = .243); because that sample is selected on having a usable recorded amount, it cannot tell whether cuts simply follow shortfalls.

Among the half of cutters with a recorded outcome, nearly all meet the lowered target (Table 1, Panel D): the target in force is half the original target at the median, the amount raised is 65 percent of the original target, 98 percent close at the target in force, and 19 percent reach the original target anyway. Most cuts come late. Measured against the deadline in force when the cut was filed, the median cut comes 13 days before it, and 53 percent come in the last 30 days before it. Of the cutting amendments, 64 percent also extend the deadline. Of the 125 cuts filed in the last five business days before the deadline in force, 12 leave fewer than five business days before the latest deadline, which appears inconsistent with § 227.304(c)(2) if the cut was material and investors were notified on the filing date; the other 113 leave at least that long. Both counts are filing-date proxies; notification dates are not observed. Debt offerings account for 230 of the 410 cuts and 138 of the 162 recorded offerings that close at a lowered target, 128 of them on MainVest or Honeycomb (Online Resource Table A7, Panel C).

5.2 Reaching the original target versus meeting the target in force

Table 2 decomposes the association among offerings with a recorded outcome. Within portal and period, a one-unit increase in the log target is associated with a 0.115 lower chance of reaching the original target ($p < .001$). The split is an accounting identity applied to the reconstructed amendment histories, not a causal decomposition, and it describes offerings that report. The association splits into two parts: 0.096 reflects the difference between closing and reaching, almost entirely offerings that lowered the target and met the lower one ($p = .001$), and −0.019 reflects closing itself ($p = .120$; 95% interval −0.057 to 0.006). Among all offerings, counting missing outcomes as not reaching, the within-portal association with reaching is smaller and imprecise (−0.033, $p = .062$; Online Resource Table A1), and +0.025 of it is attributable to cuts (Online Resource Table A10). Cutters are more likely than other offerings to have a recorded outcome (50 versus 43 percent), so the recorded sample overweights them.

The split rests on what the 162 lowered-target closes record. By the parser's wording codes, which I confirmed by reading each report, 12 state a final amount, 62 state a total raised without final or provisional wording, and 88 state a provisional amount, 74 of them MainVest's standard closing report that funds are still being processed. Reading the amendment history, 156 are genuine reductions of the target and 6 correct an error within days of launch. The cut part of the association stays significant at the 5 percent level when it uses only reports filed after the deadline in force (+0.110), excludes provisional wording (+0.085, 74 closes), keeps final-amount wording only (+0.045, 12 closes), drops the 6 corrections (+0.087), or codes as not closing the 22 closes within 5 percent of the lowered target (+0.090), the 56 cumulative-total reports (+0.075) or the 17 cuts filed after the deadline then in force (+0.092) (Online Resource Table A5). The wording restrictions remove nearly all of MainVest, so those estimates come mainly from other portals.

The small closing estimate does not by itself show that larger offerings fail no more often than smaller ones. Because funds are released only once commitments meet the target in force, a report of securities sold nearly always implies a close: 96 percent of recorded offerings close. The interval cannot rule out that larger targets substantially raise this small failure rate.

Failure is mostly unrecorded, but withdrawal is observed for every offering: 12 percent of first-time offerings file Form C-W, and the log target is not significantly associated with withdrawal within portals (+0.007, p = .152; 95% interval −0.004 to 0.020). On MainVest, where 51 percent of offerings file Form C-W, every first-time offering has a recorded outcome or a withdrawal, so failure is observed. There, the association of the log target with closing is −0.039 (p = .184; 95% interval −0.096 to 0.019) with heteroskedasticity-robust errors, and −0.050 (p = .051) with only the target and fixed effects as controls, so a failure effect as large as the cut part on MainVest (0.078; Online Resource Table A7, Panel A) cannot be ruled out. If missing outcomes could take

any value, the association of the log target with closing among all offerings is bounded only between −0.312 and +0.288, treating unrecorded offerings that filed Form C-W as not closed (Manski & Tamer, 2002; Online Resource Table A4).

Among offerings that report a positive amount, the elasticity of the amount raised with respect to the target is 0.72 ($p < .001$), so larger targets are associated with larger raises that are a smaller share of the original target (Online Resource Table A7, Panel B).

5.3 Do lowered-target closes complete a sale?

Annual reports give a population-wide check on closing. Outside MainVest and Honeycomb, 71 percent of the 34 lowered-target closes file an annual report within the window, against 65 percent of offerings that reached their original target and 5 percent of recorded offerings that did not close (Table 3, Panel C). On its own the comparison is inconclusive: it rests on 34 offerings, and within portals the difference is imprecise (−0.110, $p = .358$). On MainVest and Honeycomb, annual reports are rare even after offerings that reached their original target (12 percent), and lowered-target closes file them a third as often (4 percent; Fisher exact $p = .006$). On those two portals, many lowered-target closes may not have completed a sale, or their issuers may comply less; the filings cannot tell which. Among all first-time offerings, within portals, neither the log target ($p = .102$; Table 3, Panel B) nor a cut ($p = .470$) predicts filing one. Because compliance is incomplete, these are rough population-wide checks, not measures of failure.

Later issuer filings corroborate a sale for 24 of the 34 lowered-target closes outside MainVest and Honeycomb (Table 3, Panel D): 19 give a usable statement of the amount raised; two give only an outstanding balance, which shows that securities remain outstanding but not how much was sold; and three state a sale without a usable amount (one gives $20,000, which may repeat the lowered target). Every amount the blind coder took as primary is at or above the lowered target, below the original target and within 5 percent of the progress report; for 6 of them the

filings also give another figure (a portal fee paid in securities, a balance, a different period or a rounding difference), two of which differ from the progress report by more than 5 percent and none of which reaches the original target. No readable later filing for these 34 contradicts a sale. For context, later filings corroborate a sale for 25 of 34 offerings that reached their original target (23 with a stated amount), matched approximately on portal and filing year (Section 3); the paired difference is −2.9 points with a 95 percent interval of −25 to +19, so the comparison shows that a lowered-target close is commonly followed by a documented sale, not that the two groups perform alike. A filing is the issuer's statement of securities sold; it does not show whether the smaller raise funds a viable project or whether investors reconfirmed. On MainVest and Honeycomb, only 22 of the 128 lowered-target closes have a later annual report, termination notice or new Form C: 16 of them show a sale, one issuer's next Form C lists no earlier offering, three give only a template line that may restate the progress report, and two say nothing about it. The other 106 have no such filing in the window; apart from two filings outside the follow-up window, they file only the offering's amendments and progress reports, so the result does not describe debt offerings on those portals.

5.4 How far the pattern reaches

Online Resource Table A11 reports the main estimates in other samples. Without MainVest and Honeycomb, which host most lowered-target closes, larger targets still predict cuts (+0.056; 95% interval 0.039 to 0.066), and the cut part of the reaching association is +0.056 (0.031 to 0.085) from 34 lowered-target closes. Among priced-equity offerings, larger targets still predict cuts (+0.054), but only 8 recorded offerings close at a lowered target, so the reaching estimates are imprecise; the samples are not compared formally.

5.5 Success as prior studies measure it

Online Resource Table A10 compares the measures prior studies use. Among all offerings filed from 2016 through 2021, the window of Cumming et al. (2025), and pooled across portals, a one-unit increase in the log target is associated with a 0.084 lower chance of reaching the original target ($p = .028$). Pooled, lowered-target closes account for 0.011 of the 0.084 ($p = .015$). Adding portal-by-period fixed effects approximately halves the association with reaching, to −0.043 ($p = .021$). Within portals, 0.025 of the −0.043 comes from offerings that closed at a lowered target ($p = .007$). On an approximation of the working-paper coding of Cumming, Johan, and Reardon (2025) (Cumming et al., 2021), which drops withdrawn offerings and, on my reading of its update from Form C/A, measures success against the target in force, among the 4,350 remaining offerings filed from 2016 through 2021, a one-unit increase in the log target is associated with a 0.091 lower probability of success pooled across portals ($p = .023$), in the published direction, and with −0.007 within portals ($p = .393$). Differences between portals therefore matter more than cuts for pooled estimates. Online Resource Table A9 repeats the comparison for six findings from prior Reg CF studies; within portals, no Holm (1979) adjusted wild bootstrap p-value for the eight factors other than target size falls below .05 in families of 27 tests (Online Resource Tables A2 and A8), although few brands identify some factors, so these tests have limited power.

5.6 Robustness

The association with cuts holds when amendments within 7 or 14 days of launch are treated as corrections of the original target (+0.057 with 14 days), when a cut must still be in force at the deadline (+0.070), and in the other samples of Online Resource Table A3. The decomposition holds in the same samples, with clustering by portal rather than brand, and with Webb weights: the part from cuts stays significant, and in the Online Resource Table A3 rows that keep

MainVest, Honeycomb and $10,000 targets the closing estimate stays between −0.035 and −0.018, reaching $p < .05$ only with deadlines through 2023 (−0.018, $p = .038$; Online Resource Tables A2 and A3).

6 Discussion and conclusion

6.1 What target cuts mean

In Reg CF the minimum financing condition is revised during the offering, far more often by issuers with large targets, and the revisions are visible for every offering. Among the minority with a recorded outcome, most of the within-portal association between a larger target and missing it reflects offerings that met a lowered threshold. Lowered-target closes usually follow cuts filed days before the deadline (a median of 3.5 days for the 156 genuine reductions that closed; Online Resource Table A5). That timing is consistent with issuers setting the lowered threshold after seeing commitments, but the filings do not record commitments at the time of a cut, and deadline-driven portal procedures could produce the same timing.

Outside the debt portals, issuer filings corroborate sales for most lowered-target closes, and every amount they state is below the original target: these are smaller sales than first sought, but the filings show neither whether the reduced raise funds a viable project nor whether investors reconfirmed. On MainVest and Honeycomb, where nearly half of all cuts occur, lowered-target closes file annual reports a third as often as offerings that reached their original target, so whether those closes are completed sales is unclear. Among offerings that report a positive amount, larger initial targets are associated with larger amounts raised but a smaller share of the original target: a 10 percent larger target goes with about 7 percent more money raised, and the median cutter with a recorded outcome halves its target and raises 65 percent of the original.

6.2 Implications for research and regulation

For research, the results suggest that studies should state which target defines success and, where filings allow, report both reaching the original target and meeting the target in force. Amendments, withdrawals and annual reports are observed for every offering, while outcome reports are filed for fewer than half, so measures built from the former describe the full population and outcome-based measures a selected part of it.

For regulation, the all-or-nothing rule returns investors' funds when an offering falls short of its threshold, and a cut moves that threshold after investors have seen it. The evidence does not show that investor protection failed; it shows that the threshold can change, and when. Guidance on whether a lower target is material, a flag on Form C/A that marks a change to the target, and a numeric amount-sold field in every final report would make the effect of cuts observable. Final reports are now required only when a portal displays frequent updates or when the issuer will accept proceeds above the target (§ 227.203(a)(3)); requiring one from every offering would let the SEC measure how often offerings close at their original target, at a lowered one, or not at all.

6.3 Limits and conclusion

The evidence is descriptive: issuers choose targets and portals, and a cut may respond to an offering that is falling short. Outcomes are missing for most offerings, and without assumptions about them the association of target size with closing is bounded only between −0.312 and +0.288; the pattern is concentrated in debt offerings on two portals, and among priced-equity offerings the estimates are imprecise. Portal data on commitments and cancellations around a cut would show whether investors reconfirm or leave, which filings do not record; if investors treat a cut as material news, cancellations should rise after it.

In Reg CF the funding threshold is a financing condition that issuers revise, most often on large offerings; nearly half of the cuts are by small businesses borrowing on two main-street portals.

Outside those portals, later filings corroborate sales for most offerings closing at a lowered target, all below the original target; on them, whether a lowered-target close is a completed raise is unclear. The threshold that protected investors at launch may not be the one that releases their money, and the public amendment record already lets researchers and regulators see when it moves.

Statements and Declarations

Funding: This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sectors.

Competing interests: The author declares no competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Ethics approval and consent: Not applicable. The study uses public regulatory filings and involves no human participants.

Data availability: The SEC Regulation Crowdfunding structured datasets are publicly available at https://www.sec.gov/data-research/sec-markets-data/crowdfunding-offerings-data-sets. The replication package (code, checksummed source archives, hand-audit and hand-collection codes and expected results; the code rebuilds the offering-level data) is provided to reviewers as electronic supplementary material and is available from the author on reasonable request.

Consent for publication: Not applicable.

References

Ahlers, G. K. C., Cumming, D., Günther, C., & Schweizer, D. (2015). Signaling in equity crowdfunding. *Entrepreneurship Theory and Practice, 39*(4), 955–980. https://doi.org/10.1111/etap.12157

Block, J., Hornuf, L., & Moritz, A. (2018). Which updates during an equity crowdfunding campaign increase crowd participation? *Small Business Economics, 50*(1), 3–27. https://doi.org/10.1007/s11187-017-9876-4

Bogdani, E., Causholli, M., & Knechel, W. R. (2022). The role of assurance in equity crowdfunding. *The Accounting Review, 97*(2), 51–76. https://doi.org/10.2308/TAR-2019-0427

Burke, Q., Wangerin, D., & Warfield, T. (2025). Assuring the crowd: The role of assurance in securities crowdfunding success. *Management Science, 71*(12), 10261–10288. https://doi.org/10.1287/mnsc.2022.03178

Cameron, A. C., Gelbach, J. B., & Miller, D. L. (2008). Bootstrap-based improvements for inference with clustered errors. *Review of Economics and Statistics, 90*(3), 414–427. https://doi.org/10.1162/rest.90.3.414

Chang, J.-W. (2020). The economics of crowdfunding. *American Economic Journal: Microeconomics, 12*(2), 257–280. https://doi.org/10.1257/mic.20170183

Colombo, M. G., & Shafi, K. (2026). Firms' venture capital affiliation, platforms' "skin in the game" and the success of equity crowdfunding campaigns. *Journal of Industrial and Business Economics, 53*(1), 167–197. https://doi.org/10.1007/s40812-025-00350-7

Cumming, D. J., Johan, S., & Reardon, R. S. (2021). *Governance and success in U.S. equity crowdfunding* (CFS Working Paper No. 668). Center for Financial Studies, Goethe University Frankfurt. https://publikationen.ub.uni-frankfurt.de/files/62486/SSRN-id3973145.pdf

Cumming, D. J., Johan, S., & Reardon, R. S. (2025). Institutional quality and success in U.S. equity crowdfunding. *Research Policy, 54*(1), 105114. https://doi.org/10.1016/j.respol.2024.105114

Cumming, D. J., Leboeuf, G., & Schwienbacher, A. (2020). Crowdfunding models: Keep-it-all vs. all-or-nothing. *Financial Management, 49*(2), 331–360. https://doi.org/10.1111/fima.12262

Holm, S. (1979). A simple sequentially rejective multiple test procedure. *Scandinavian Journal of Statistics, 6*(2), 65–70.

Hornuf, L., & Schwienbacher, A. (2018). Market mechanisms and funding dynamics in equity crowdfunding. *Journal of Corporate Finance, 50*, 556–574. https://doi.org/10.1016/j.jcorpfin.2017.08.009

Huang, A., & Ivanov, V. (2025). *Analysis of crowdfunding under the JOBS Act*. Division of Economic and Risk Analysis, U.S. Securities and Exchange Commission. https://www.sec.gov/files/dera-reg-cf-2505.pdf

Ivanov, V., & Knyazeva, A. (2017). *U.S. securities-based crowdfunding under Title III of the JOBS Act*. Division of Economic and Risk Analysis, U.S. Securities and Exchange Commission. https://www.sec.gov/dera/staff-papers/white-papers/RegCF_WhitePaper.pdf

Johan, S., & Reardon, R. S. (2024). The role of platform stakes in equity crowdfunding success. *Finance Research Letters, 69*, 106097. https://doi.org/10.1016/j.frl.2024.106097

MacKinnon, J. G., Nielsen, M. Ø., & Webb, M. D. (2023). Cluster-robust inference: A guide to empirical practice. *Journal of Econometrics, 232*(2), 272–299. https://doi.org/10.1016/j.jeconom.2022.04.001

Mamonov, S., & Malaga, R. (2018). Success factors in Title III equity crowdfunding in the United States. *Electronic Commerce Research and Applications, 27*, 65–73. https://doi.org/10.1016/j.elerap.2017.12.001

Manski, C. F., & Tamer, E. (2002). Inference on regressions with interval data on a regressor or outcome. *Econometrica, 70*(2), 519–546. https://doi.org/10.1111/1468-0262.00294

Mochkabadi, K., & Volkmann, C. K. (2020). Equity crowdfunding: A systematic review of the literature. *Small Business Economics, 54*(1), 75–118. https://doi.org/10.1007/s11187-018-0081-x

Mollick, E. (2014). The dynamics of crowdfunding: An exploratory study. *Journal of Business Venturing, 29*(1), 1–16. https://doi.org/10.1016/j.jbusvent.2013.06.005

Piening, E. P., Thies, F., Wessel, M., & Benlian, A. (2021). Searching for success: Entrepreneurs' responses to crowdfunding failure. *Entrepreneurship Theory and Practice, 45*(3), 626–657. https://doi.org/10.1177/1042258720980710

Piva, E., & Rossi-Lamastra, C. (2018). Human capital signals and entrepreneurs' success in equity crowdfunding. *Small Business Economics, 51*(3), 667–686. https://doi.org/10.1007/s11187-017-9950-y

Ralcheva, A., & Roosenboom, P. (2020). Forecasting success in equity crowdfunding. *Small Business Economics, 55*(1), 39–56. https://doi.org/10.1007/s11187-019-00144-x

Schwienbacher, A. (2018). Entrepreneurial risk-taking in crowdfunding campaigns. *Small Business Economics, 51*(4), 843–859. https://doi.org/10.1007/s11187-017-9965-4

Smirnova, E., Platt, K., Lei, Y., & Sanacory, F. (2021). Pleasing the crowd: The determinants of securities crowdfunding success. *Review of Behavioral Finance, 13*(2), 165–183. https://doi.org/10.1108/RBF-07-2019-0096

StartEngine. (2026). *What amendments are free of charge during my Reg CF offering?* Retrieved October 26, 2026, from https://isms.startengine.com/help/what-amendments-are-free-of-charge-during-my-reg-cf-offering

Stevenson, R. M., Eutsler, J., Lang, B., & Robertson, J. C. (2025). Financial statement audit and regulatory focus in equity crowdfunding decisions. *Small Business Economics, 64*(3), 1233–1258. https://doi.org/10.1007/s11187-024-00941-z

Strausz, R. (2017). A theory of crowdfunding: A mechanism design approach with demand uncertainty and moral hazard. *American Economic Review, 107*(6), 1430–1476. https://doi.org/10.1257/aer.20151700

Suk, K., & Hwang, S. (2025). Toward generalized effects of goal level on crowdfunding performance: Meta-analysis and field evidence. *Internet Research*. Advance online publication. https://doi.org/10.1108/INTR-04-2024-0599

U.S. Securities and Exchange Commission. (2019). *Report to the Commission: Regulation Crowdfunding*. https://www.sec.gov/files/regulation-crowdfunding-2019_0.pdf

Webb, M. D. (2023). Reworking wild bootstrap-based inference for clustered errors. *Canadian Journal of Economics, 56*(3), 839–858. https://doi.org/10.1111/caje.12661

Wilhelm, H., Steigenberger, N., Weber, C. E., Juntunen, J. K., & Ebers, M. (2024). (No) time for change: When and why entrepreneurs act during underperforming fundraising attempts. *Organization Science, 35*(4), 1299–1321. https://doi.org/10.1287/orsc.2020.13803

Table 1 Sample, outcomes and target cuts

Panel A. Outcomes

	All offerings	First-time offerings
Offerings	10,687	7,295
Outcome on record	0.416	0.432
Reach original target (offerings without a record coded 0)	0.374	0.391
Close at target in force (offerings without a record coded 0)	0.392	0.413
Reach original target, recorded outcomes		0.905
Close at target in force, recorded outcomes		0.956
Target cut before the deadline	0.056	0.056
Withdrawn (Form C-W)		0.116

Panel B. First-time offerings by quarter of the original target

	Smallest	Second	Third	Largest
Median target ($)	10,000	25,000	50,000	100,000
Target cut	0.003	0.023	0.058	0.142
Outcome on record	0.573	0.577	0.268	0.300
Reach original target, recorded	0.963	0.929	0.867	0.779
Close at target in force, recorded	0.964	0.947	0.958	0.956

Panel C. Target cuts on the largest portals, first-time offerings

Portal brand	Offerings	Target cut	Outcome on record
Wefunder	1,790	0.044	0.111
StartEngine	1,311	0.004	0.694
Honeycomb	716	0.110	0.574
MainVest	673	0.172	0.487
Republic (OpenDeal)	617	0.023	0.835
Netcapital	335	0.000	0.684
SeedInvest	295	0.003	0.400
SMBX	192	0.052	0.005

Panel D. First-time offerings that cut the target

	Value
Offerings that cut the target	410
Share with a recorded outcome	0.500
Recorded: median target in force / original target	0.500
Recorded: median amount raised / original target	0.654
Recorded: share closing at the target in force	0.976
Recorded: share reaching the original target despite the cut	0.185
Median days from the cut to the deadline in force when it was filed	13
Share of cuts filed in the last 30 days before that deadline	0.529
Cuts filed after that deadline had passed (within 30 days / later)	34 / 16
Cuts in the last five business days before that deadline (leaving fewer than five business days before the latest deadline)	125 (12)
Share of cutting amendments that also extend the deadline	0.637

	Value
Deadline extended by any amendment (cutters / amended non-cutters)	0.741 / 0.601
Share of cutting amendments that also lower the maximum	0.153
Withdrawn (cutters / non-cutters)	0.100 / 0.117
Priced-equity cuts (median days before the deadline in force)	78 (49)

Notes: Initial U.S. Form C filings, May 16, 2016 to March 31, 2026. First-time offerings, target cuts, reaching and closing are defined in Section 3; the all-offerings column covers every initial Form C. Portal brands merge separate SEC registrations of the same platform.

Table 2 Target cuts, withdrawal, reaching and closing, first-time offerings, portal-by-period fixed effects

Success factor	Target cut	Withdrawn	Reach original target, recorded	Close at target in force, recorded	Close minus reach, recorded
Log target	+0.070 (<.001)	+0.007 (.152)	−0.115 (<.001)	−0.019 (.120)	+0.096 (.001)
	[0.046, 0.099]	[−0.004, 0.020]	[−0.188, −0.053]	[−0.057, 0.006]	[0.045, 0.162]
Log firm age	+0.009 (.228)	−0.006 (.323)	−0.021 (.059)	−0.008 (.234)	+0.013 (.148)
	[−0.005, 0.037]	[−0.022, 0.006]	[−0.058, 0.001]	[−0.021, 0.003]	[−0.006, 0.045]
Delaware incorporation	+0.002 (.701)	+0.021 (.342)	−0.025 (.101)	−0.018 (.228)	+0.007 (.336)
	[−0.009, 0.015]	[−0.025, 0.056]	[−0.097, 0.008]	[−0.078, 0.009]	[−0.008, 0.043]
Portal holds a stake	−0.015 (.318)	+0.015 (.500)	+0.023 (.367)	+0.020 (.196)	−0.003 (.812)
	[−0.039, 0.024]	[−0.053, 0.065]	[−0.024, 0.108]	[−0.011, 0.069]	[−0.054, 0.020]
Debt (vs. priced equity)	−0.002 (.851)	−0.009 (.531)	−0.020 (.664)	−0.006 (.723)	+0.013 (.744)
	[−0.049, 0.020]	[−0.031, 0.041]	[−0.154, 0.074]	[−0.050, 0.025]	[−0.085, 0.123]
SAFE (vs. priced equity)	+0.014 (.116)	−0.011 (.182)	−0.074 (.049)	−0.017 (.460)	+0.058 (.067)
	[−0.006, 0.053]	[−0.050, 0.009]	[−0.132, −0.001]	[−0.101, 0.090]	[−0.012, 0.122]
Log assets	−0.001 (.282)	−0.001 (.264)	+0.003 (.065)	+0.002 (.130)	−0.002 (.410)
	[−0.003, 0.001]	[−0.002, 0.001]	[0.000, 0.007]	[−0.001, 0.004]	[−0.006, 0.002]
Profitable	−0.012 (.222)	+0.003 (.767)	+0.006 (.677)	−0.006 (.687)	−0.011 (.301)
	[−0.042, 0.010]	[−0.025, 0.025]	[−0.018, 0.064]	[−0.035, 0.014]	[−0.051, 0.014]
Log employees	−0.008 (.107)	+0.001 (.910)	+0.022 (.088)	+0.015 (.011)	−0.007 (.437)
	[−0.023, 0.001]	[−0.027, 0.024]	[−0.001, 0.055]	[0.002, 0.031]	[−0.038, 0.005]

Notes: 7,295 first-time offerings on 126 portal brands; recorded-outcome columns use the 3,151 with a usable reported amount (61 brands). Models include the success factors of Section 3, offering duration, and state, filing year-quarter and portal-by-period fixed effects. Entries are coefficients with wild cluster bootstrap p-values by portal brand in parentheses (9,999 draws, null imposed) and, below, 95% intervals from inverting the same test. Close minus reach is the difference between the two preceding outcomes (Section 5.2). Online Resource Table A1 reports all outcomes.

Table 3 Which offerings cut the target, and do lowered-target closes complete a sale?

Panel A. Log target coefficient on a cut within each large portal

Portal	Offerings	Cuts	Coef. (SE)	p
Wefunder	1,790	79	+0.067 (0.011)	<.001
StartEngine	1,311	5	+0.050 (0.024)	.039
Honeycomb	716	79	+0.197 (0.031)	<.001
MainVest	673	116	+0.104 (0.023)	<.001
Republic (OpenDeal)	617	14	+0.084 (0.027)	.002
SMBX	192	10	+0.111 (0.042)	.008

Panel B. Log target coefficients, portal-by-period fixed effects

Outcome, sample	N	Mean	Coef. (p)	95% interval
Cut, all offerings	7,295	0.056	+0.070 (<.001)	[0.046, 0.099]
Amendment not cutting the target, all offerings	7,295	0.457	+0.002 (.930)	[−0.033, 0.049]
Extension by such an amendment, all offerings	7,295	0.273	+0.010 (.562)	[−0.018, 0.048]
Cut minus amendment not cutting the target	7,295		+0.069 (.001)	[0.028, 0.101]
Cut minus extension by such an amendment	7,295		+0.061 (.004)	[0.022, 0.089]
Cut, recorded offerings short of the original target	300	0.557	+0.072 (.243)	[−0.036, 0.170]
Annual report filed, all offerings	7,295	0.308	+0.009 (.102)	[−0.002, 0.020]
Closed or annual report filed, all offerings	7,295	0.506	−0.006 (.454)	[−0.028, 0.011]

Panel C. Share filing an annual report, by recorded outcome

Outcome	MainVest and Honeycomb: N	Share filing	Other portals: N	Share filing
Reached the original target	597	0.117	2,253	0.652
Closed at a lowered target, missed the original	128	0.039	34	0.706
Recorded, did not close	14	0.143	124	0.048
No recorded outcome, withdrawn	362	0.000	459	0.078
No recorded outcome, not withdrawn	288	0.017	3,035	0.206

Panel D. Sales shown in later filings (hand-collected)

Sample	N	Later filing	Sale shown	Amount stated	Within 5% of report	Below original target
Lowered-target closes, other portals	34	27	24	19	19	19
Reached original target, matched	34	30	25	23	19	0
Lowered-target closes, MainVest and Honeycomb	128	22	16	12	10	11

Notes: Panel A: brands with at least 150 first-time offerings and five cuts; controls of Table 2, state and filing year-quarter fixed effects, HC1 standard errors. Panels B and C: as in Table 2 and Section 3. A non-cut amendment is a Form C/A filed by the latest deadline whose target is at least 95 percent of the original; the two types are exclusive

for a filing but not for an offering, and the difference rows regress one offering-level outcome minus the other on the same sample. Panel D: as in Section 3; a sale is shown when a later annual report, termination notice or new Form C states that the offering's securities were sold or remain outstanding, and amount stated is an explicit statement of the amount raised. Online Resource 1 gives the full notes.

Supplementary Files

This is a list of supplementary files associated with this preprint. Click to download.

- SBE.Replication.zip
- SBE.OnlineResource.pdf