

Considering Crowdfunding (Reg CF) for Early-Stage Animal Health Companies

Why a financing mechanism with a troubled reputation may be unusually well suited to our underserved segment of life sciences

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Author disclosure. The author is CEO of Akretiv Animal Health, Inc., which operates AnimalHealth.vc, a platform focused on investment readiness and structured capital formation for early-stage animal-health companies. AnimalHealth.vc is not a broker-dealer, does not execute securities transactions, and does not receive transaction-based compensation; securities offerings are conducted through appropriately registered intermediaries. The views expressed are those of the author and should not be attributed to Brakke Consulting.

Abstract

Regulation Crowdfunding ("Reg CF") has developed a poor reputation among parts of the professional investment community, and some of that negative reputation is well deserved. During its first decade, investment crowdfunding has been associated with business failures, inconsistent issuer quality, weak post-financing communication, limited liquidity and inadequate ongoing reporting. Broad crowdfunding marketplaces have placed companies requiring fundamentally different types of diligence side-by-side, while regulatory problems involving recognizable crowdfunding businesses have further reinforced skepticism among institutional investors.

Those shortcomings should not be minimized, but they should be distinguished from the underlying regulation. This opinion paper argues that many of crowdfunding's historical problems resulted from how Reg CF has been used rather than from the capital-formation mechanism itself. Properly structured, it may be particularly well suited to early-stage animal health.

Our industry has an unusual funding problem. Innovative companies frequently need approximately \$500,000 to \$5 million to reach a meaningful scientific, regulatory or commercial inflection point. These financings can be too small to justify the economics and internal resources of conventional venture funds while still being too large for founders, friends-and-family capital or traditional angel investors. At the same time, animal health has an unusually large constituency of veterinarians, industry professionals and pet owners who understand first-hand the problems that innovation is attempting to solve.

Reg CF allows eligible companies to raise up to \$5 million in a twelve-month period through a registered intermediary, with standardized disclosure and participation by both accredited and non-accredited investors subject to applicable limits.^[1] Those characteristics align surprisingly well with the financing needs of many early-stage animal-health programs.

The opportunity is not to replace professional investors with a crowd. It is to build a different capital-formation sequence: good science addressing a meaningful unmet need, followed by expert diligence and preparation, specialist investor participation, transparent education, broader Reg CF participation, milestone execution and continuing investor stewardship. In that structure, specialist investors contribute expertise and credibility while Reg CF expands access to a much larger population of potentially interested investors. For innovative companies suffering from what could fairly be described as animal-health fundraising anemia, adding Reg CF to the financing "therapeutic arsenal" could help address their financing needs while bringing new capital into a sector that many investors might otherwise never consider, or have practical access to.

1. Crowdfunding Has a Reputation Problem - and It Did Not Arise by Accident

Regulation Crowdfunding became available to U.S. issuers in 2016 following implementation of the JOBS Act. Its original promise was compelling: private-company investment, historically concentrated among wealthy accredited investors and professional investment firms, could become accessible to a much broader population.

The reality has been much more complicated. Early-stage companies fail, and investors in young private companies should expect that many will. That is inherent in venture investing and is no more an indictment of crowdfunding than biotechnology failures are an indictment of venture capital. More damaging has been what sometimes happened after money was raised. Investors have experienced companies that communicated infrequently, provided limited information regarding subsequent financings or development milestones, failed to explain setbacks and, in some cases, effectively disappeared from their crowdfunding investors.

This is particularly problematic because Reg CF already includes an ongoing reporting framework. Issuers generally must file annual reports on Form C-AR and continue doing so until one of several regulatory termination conditions is satisfied.

[1] Yet research suggests compliance has been poor. In *Ghosting the Crowd*, published in the Washington and Lee Law

Review in 2025, Professor Andrew Schwartz found widespread failure among crowdfunding issuers to provide required annual reports and argued that being "ghosted" by one company can reduce an investor's willingness to participate in future crowdfunding offerings.[2] Company failure is investment risk; failure to communicate is a governance failure. When investors repeatedly experience both through the same financing channel, it is understandable that the reputation of the channel itself deteriorates.

The platforms have not always helped. A general crowdfunding marketplace can resemble an Amazon or eBay of private-company securities, where a restaurant concept, consumer product, software company and biotechnology company developing a potential cancer therapy can appear beside one another. All may legitimately be securities offerings, but they are not remotely equivalent diligence exercises. A platform can satisfy its regulatory obligations as an intermediary without having the specialized scientific, regulatory and commercial expertise required to evaluate an emerging animal-health therapeutic.

Regulatory issues involving crowdfunding businesses have added another layer of reputational damage. In August 2026, for example, the SEC filed a civil action against one well-known crowdfunding business and several current and former affiliated individuals involving alleged accounting and revenue-recognition misconduct. The allegations should not be interpreted as a finding that Regulation Crowdfunding itself is defective, and claims against defendants that have not settled remain unproven.[3] Nevertheless, institutional perceptions rarely preserve those distinctions perfectly. For investors already skeptical of crowdfunding, highly visible enforcement actions reinforce concerns about the category.

Traditional venture investors therefore have legitimate reasons to look closely at a company that has relied on crowdfunding. They may worry about adverse selection, unrealistic valuations, poorly structured securities, inexperienced shareholders, promotional communications or a company that optimized for a successful campaign rather than a sustainable financing strategy. Those concerns should be addressed, not dismissed.

2. The Regulation and the Crowdfunding Marketplace Are Not the Same Thing

The poor reputation of crowdfunding can obscure an important point: the regulation itself is not the marketplace that grew up around it. Reg CF establishes a regulated pathway for smaller private offerings. Eligible issuers may raise up to \$5 million in a twelve-month period through a single registered broker-dealer or funding portal. Issuers must make prescribed disclosures regarding the company, ownership, use of proceeds, financial condition, offering terms, related-party transactions and material risks. Financial-statement requirements increase with offering size and issuer circumstances, and continuing reporting generally follows the offering.[1]

These requirements do not establish that a company is a good investment, nor are funding portals permitted to operate as investment advisers recommending particular securities. They do, however, establish disclosure, transaction and investor-protection rules within which public participation can occur.

That distinction supports a clearer division of responsibilities. The registered intermediary provides the regulated securities infrastructure; sector specialists can help a company prepare the scientific, regulatory and commercial case before it enters that infrastructure; sophisticated investors can independently evaluate whether they want to provide early or anchor capital; and the broader public can review the formal disclosures and make its own investment decisions through the intermediary. The mistake is expecting the crowdfunding marketplace itself to perform all of those functions.

3. Why Animal Health May Be an Unusually Good Fit for Reg CF

Animal health occupies an awkward position within traditional venture capital. The problem is not a shortage of innovation or unmet medical needs; it is the economics of financing relatively small development programs in a specialized market. Industry analysis consistently points to too few dedicated animal-health investors, limited sector expertise among generalist investors, small deal sizes, limited syndication and a relatively narrow set of strategic exit pathways.[4] Human biotechnology, by comparison, benefits from far larger deal volume, larger addressable markets, deeper specialist venture participation and more varied financing alternatives.

This creates a paradox. An animal-health company may require substantially less capital than a comparable human biotechnology company to reach an important proof point, yet that smaller financing can be less attractive to a traditional venture fund. A \$2 million round can be transformational for an animal-health program while still being too small to justify the diligence, legal work, board involvement and ongoing monitoring required by a large institutional investor.

Reg CF's \$5 million annual ceiling therefore looks quite different when viewed through an animal-health lens. For many veterinary programs, \$1 million to \$5 million can finance a meaningful stage of development: proof-of-concept clinical work, regulatory advancement, manufacturing development, diagnostic validation, a commercial pilot or another clearly identifiable value-inflection milestone. It will not fund every program from discovery through approval, nor should it be expected to. The more useful question is whether it can fund the company far enough for technical risk, strategic value or financing optionality to change materially. In animal health, the answer can often be yes.

Transparency is another potential advantage. Companies frequently regard disclosure obligations as a burden, but for a sector trying to attract people who have never previously invested in animal health, a common information baseline is useful. A well-prepared offering should explain the required securities disclosures alongside the disease or market problem being addressed, existing standards of care, supporting evidence, remaining uncertainties, regulatory pathway, planned use of proceeds and the milestone the financing is expected to achieve.

Animal health has something that many highly technical sectors do not: a very large population already connected to the problems being addressed. Veterinarians encounter unmet needs professionally, while pet owners encounter them personally. Someone who has managed osteoarthritis in an aging dog, lymphoma, chronic kidney disease in a cat or the difficulty of administering a medication does not automatically understand biotechnology investing, but already understands why the underlying problem matters. That creates a powerful starting point for education.

The pet-owning population is increasingly digital. Industry research estimates that Millennials and Gen Z now represent approximately 58% of U.S. pet owners, with social media playing an increasingly important role in how younger pet owners discover products, information and communities.[5] This creates identifiable audiences for thoughtful outreach: veterinary professionals, animal-health executives, existing sector investors, disease-specific communities, owners of affected animals and the broader pet-health population. The attraction of Reg CF is not simply that those people can be marketed to; it is that people who become sufficiently interested can educate themselves and, if appropriate for their own circumstances, independently participate through a regulated channel that was previously unavailable to many of them.

4. Crowdfunding Should Be Approached Like the Launch of a Highly Technical Medical Product

A serious animal-health company would not launch a new therapeutic by posting it on a website and hoping veterinarians find it. It would define its target audience, understand the unmet need, generate evidence, involve specialists, educate customers and communicate differently to different segments while maintaining a consistent scientific foundation. Crowdfunding should be approached with the same discipline.

The weak model is straightforward: list an offering, advertise broadly and hope enough people invest. That approach encourages companies to optimize the story and the campaign rather than the underlying investment proposition. A better approach begins earlier. The science should address a meaningful unmet or under-met need and be sufficiently developed to justify the next investment milestone. Scientific, regulatory, commercial and financial assumptions should then be challenged by people who understand the sector, with important gaps identified and, where practical, addressed before the company enters a public financing environment.

Only then does marketing become useful. The objective is not to develop one emotionally compelling message and distribute it everywhere. A veterinarian, a biotechnology investor and the owner of a dog with the target disease arrive with different levels of knowledge and different questions. They may therefore need different educational paths even though the underlying evidence and risk disclosures remain the same.

A sector-focused framework can help a company establish whether it is ready for financing, coordinate appropriate scientific and regulatory expertise, prepare the diligence package, pressure-test assumptions, define the value-inflection milestone being financed and develop communication suitable for different audiences. The regulated intermediary can then perform the function it is designed to perform: host and execute the securities offering in accordance with applicable rules.

5. Specialist Capital First, Broader Participation Second

The most compelling use of Reg CF in animal health may therefore be as a complement to sophisticated capital rather than as an alternative to it. Professional and specialist investors can assess technical risk, challenge management, contribute sector relationships, participate in governance and provide credibility with subsequent investors and strategic partners. Their willingness to invest does not establish that an opportunity is attractive, but it can provide a useful signal that knowledgeable people have spent time evaluating it.

Academic work on equity crowdfunding increasingly supports this signaling effect. Research involving U.S. crowdfunding campaigns has found a positive association between prior venture-capital affiliation and crowdfunding success, while work on syndicated crowdfunding suggests that reputable and well-connected lead investors can help reduce information asymmetry.[6][7]

For animal health, this suggests a logical sequence. A company can first seek capital from specialists, experienced accredited investors or strategic participants through an appropriately structured private offering. Once that foundation exists, Reg CF can broaden participation to veterinarians, professionals, pet owners and other investors who have been educated about the sector and wish to independently evaluate the opportunity. The crowd is therefore not being asked to perform specialist diligence; it receives access after specialist diligence and preparation have helped shape the proposition. That is materially different from the perception that a company turns to crowdfunding because professional investors would not finance it.

The two channels can coexist. Securities counsel must structure concurrent or sequential offerings carefully, particularly where Regulation D exemptions and public communications interact, but existing transactions demonstrate that professional private capital and Reg CF do not have to be mutually exclusive.

For specialist investors who have already concluded that an opportunity merits investment, Reg CF can serve as a capital amplifier. By bringing in additional investors alongside the specialist allocation, it can provide the company with greater resources and a longer operating runway without requiring the specialist investor to fund the entire round. In turn, that allows specialist investors to deploy a finite pool of capital across a broader portfolio of opportunities while still helping credible companies reach meaningful development milestones.

6. Two Animal-Health Examples

Rejuvenate Bio: Professional Capital and Community Capital Coexisting

Rejuvenate Bio provides a useful contemporary example because it directly challenges the idea that crowdfunding necessarily indicates an inability to attract sophisticated capital. The biotechnology company has engaged with conventional life-sciences investors for several years. It announced a Series A financing exceeding \$10 million in 2021 and, in June 2026, an additional \$6 million financing led by VCapital with participation from Merck Animal Health, Kendall Capital Partners, Connecticut Innovations and Digitalis. The financing was accompanied by a strategic animal-health R&D collaboration with Merck Animal Health.[8][9]

Its 2026 securities filings show private and crowdfunding channels operating within the same broader financing period. A June Form D identified a Rule 506(b) offering involving 35 investors, while an August Form C/A established a Regulation Crowdfunding offering through Wefunder with a maximum offering amount of \$3.2 million.[10][11]

The investment merits of Rejuvenate Bio are not the point of this paper; the financing architecture is. The company had professional biotechnology investors, a major strategic animal-health participant and private capital while opening a regulated crowdfunding round to a broader population. In that context, Reg CF did not replace sophisticated capital; it expanded participation around it. That is much closer to the model we believe animal health should seek to adopt.

LEAH Labs: Community Capital as a Bridge to Scientific Progress

LEAH Labs provides a different example. In 2021, the company raised approximately \$866,000 from more than 1,100 investors through Wefunder to support development of CAR-T cell therapies for canine cancer.[12] That was an early-stage and inherently risky program. The crowdfunding investment did not establish that the science would work or that investors would ultimately see a positive return; what matters for this discussion is what happened next.

The program continued to advance. By 2025, investigators reported clinical remissions in dogs with B-cell lymphoma treated with the CAR-T approach, and the work was presented through veterinary oncology channels. LEAH Labs subsequently received additional grant funding, including a National Cancer Institute SBIR Technology Transfer award, and continued advancing its clinical-development program.[13][14]

The lesson is modest but important. Crowdfunding capital helped finance a legitimate scientific program during a period when relatively small amounts of capital were meaningful and when the program may have been too early even for many of the angel investors active in our industry. It subsequently generated additional evidence and attracted further outside support. Neither Rejuvenate Bio nor LEAH Labs demonstrates that crowdfunding investors will earn attractive returns;

together, they demonstrate that Reg CF can coexist with sophisticated capital and can support scientifically credible animal-health innovation.

7. Investor Stewardship: The Relationship Does Not End at Closing

If Reg CF is going to become a credible component of animal-health financing, the industry must correct one of crowdfunding's most persistent failures: treating the successful close as the end of the relationship. It should be the beginning.

Clinical studies fail, regulatory timelines move, manufacturing problems occur, commercial assumptions prove wrong and partnership discussions end without transactions. Investors in early-stage science should understand that these outcomes are part of the inherent risk. What undermines confidence is not necessarily bad news; it is silence.

The annual Form C-AR requirement provides a regulatory floor, but companies that are serious about building a durable investor base should communicate more frequently and thoughtfully. Updates should explain progress against the milestone financed, material changes in strategy, scientific results, regulatory developments, subsequent financing and setbacks that materially affect the program.

This becomes particularly important if one of the broader objectives is to bring new capital into animal health and convert first-time participants into informed repeat investors. An individual who invests a modest amount in an animal-health company, receives credible updates and gradually learns how veterinary product development works may become a more sophisticated participant in the next opportunity. Even when a company ultimately fails, transparent communication can leave that investor better informed about the sector rather than alienated from it. Animal health does not simply need successful individual financings; it needs a broader, better-educated population willing to allocate capital to the sector repeatedly.

8. Raising the Standard, Not Lowering It

The strongest criticism of crowdfunding is the one animal health should take most seriously: in a highly emotional field, a compelling story can attract inexperienced investors even when the underlying science is weak. That risk is very real, but the answer is not to remove emotion from animal health. The human-animal bond is one of the reasons people care so deeply about veterinary innovation and why entirely new populations may be willing to learn about the sector, support its development and ultimately consider investing in it. The challenge is to ensure that emotional relevance creates interest while evidence drives the investment proposition. Crowdfunding should not lower the investment communication standard simply because the audience is broader; if anything, the broader audience is precisely why the standard should be higher.

Conclusion

Regulation Crowdfunding's poor reputation is not imaginary. Its first decade exposed real weaknesses in issuer quality, post-financing communication, ongoing reporting and the broad-marketplace model. Those lessons should shape how Reg CF is used, but they should not cause animal health to dismiss the mechanism itself.

Our industry has a specific financing problem: the capital needed to reach a meaningful development milestone is often too large for founders and traditional angels but too small to attract efficient attention from conventional venture funds, especially in a sector with relatively few specialist investors. Reg CF operates at a scale that fits much of this gap, while its disclosure framework and broader reach can support transparency and help develop new investors.

The credible model is not crowd first and diligence later. It starts with strong science and expert preparation, brings in specialist investors where possible, then expands participation to an educated broader audience through the regulated Reg CF channel. Disciplined execution, transparent reporting and ongoing investor education continue after the financing. Rejuvenate Bio and LEAH Labs illustrate how this can work without implying that crowdfunding guarantees scientific or financial success.

After years of discussing the shortage of early-stage capital, animal health should consider Reg CF as another tool rather than dismiss it because of its first-decade reputation. The sector may be particularly well positioned to demonstrate a more disciplined second decade of crowdfunding. For innovative companies suffering from fundraising anemia, it may be time to add crowdfunding to the therapeutic arsenal - not as a cure-all, but as one component of a better-designed financing strategy.

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Disclosure

The author is CEO of Akretiv Animal Health, Inc., which operates AnimalHealth.vc, a platform focused on improving investment readiness for early-stage animal-health companies. AnimalHealth.vc supports companies through sector-specific screening, curation, diligence readiness, expert and service-provider coordination, and preparation for potential capital formation. Its model may include staged financing strategies combining specialist accredited capital with Regulation Crowdfunding where appropriate. AnimalHealth.vc is not a broker-dealer, does not execute securities transactions, and does not receive transaction-based compensation; securities transactions are conducted through appropriately registered intermediaries. The views expressed in this paper are those of the author and should not be attributed to Brakke Consulting.

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