



KEIZAI SOCIETY

US - JAPAN BUSINESS FORUM



25TH ANNIVERSARY SHINNENKAI RECEPTION

January 30th, 2015
On Friday Evening
@ Palo Alto Hills Golf
and Country Club

By Keizai Staff

Please join us in celebrating Keizai Society's 25th anniversary at our Shinnenkai on Friday, January 30th at 6:00pm at the Palo Alto Hills Golf and Country Club. Keizai Society Lifetime achievement recipients: **Nobuyuki Idei, Yoshi Akiba, Ambassador Michael Armacost, Dr. Koichi (Ko) Nishimura, and Prof. Daniel Okimoto** will discuss their forecast of the next 25 years of US-Japan relations.

We will be performing our traditional Kagamiwari (sake barrel "breaking") ceremony. The Consul General of Japan, **Mr. Masato Watanabe** is expected to lead this tradition.

The Keizai Society's theme for this year is **"2015: The Power of Innovation to Shape the Future: New Vitality in US-Japan Business."**

Please join the Keizai Society as it presents programs throughout 2015 designed not only to help us keep our finger on the pulse of events but to contribute to those events as well.

Start off 2015 by strengthening your existing business relationships and forging new ones. Bring lots of business cards to exchange, including one to enter the drawing for the exciting door prizes. We look forward to celebrating 2015 with you at our 25th anniversary Shinnenkai.

Due to the anticipated number of attendees, early registration online (www.keizai.org) is highly recommended. We cannot guarantee that there will be room for walk-ins.

FROM THE PRESIDENT



Happy New Year to all the Friends of Keizai! I offer my sincere best wishes for a healthy and prosperous 2015. This year, we will be celebrating a very special Shinnenkai (New Year's Reception) – Keizai's 25th anniversary. In commemoration of this, we have scheduled a unique event – five of the last six Keizai award honorees will be in attendance for a commemorative reunion. In addition, each speaker will be providing their views on what is in store for the next 25 years of US-Japan relations, and how that will affect Silicon Valley and Japan. At this juncture of Keizai's 25th year, we have performed a review of our activities, and we will be making several significant changes that will be announced at the Shinnenkai. Stay tuned!

Keizai has adopted as its theme for 2015: ***"The Power of Innovation to Shape the Future: New Vitality in US-Japan Business"***. This theme defines our focus and priorities, and informs our activities for the coming year. Both Japanese and US businesses will encounter unprecedented opportunities and obstacles in 2015, both domestic and international, economic and geo-political. As Steve Jobs observed, "Innovation distinguishes between a leader and a follower." Drawing on its deep roots in the global capital of innovation, Keizai will strive to enhance leadership and vitality in US-Japan business relations and pave the way to a brighter and less volatile future, not just for these two countries, but for the worldwide community of nations.

Finally, I want to express my deep and sincere thanks to the volunteers of Keizai Society. These volunteers put in countless hours of unpaid time to make possible all that Keizai does. I am proud that Keizai is an all-volunteer organization providing all the programs of interest to the US-Japan business community in Silicon Valley with volunteer talent generously donated.

I look forward to seeing you at the Shinnenkai on January 30th!

**Best wishes,
Chimmy Shioya
President, Keizai Society**

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WHAT WILL HAPPEN OVER THE NEXT 25 YEARS OF US-JAPAN RELATIONS?

By Joe Quinlan

At our upcoming Shinenkai, we will ask each of our honorees to give their view on how US-Japan relations will develop over the next 25 years. To get the conversation started, let me offer some opinions on what might happen. Please note that these are my personal opinions, and not those of Keizai.

Events in China will strongly effect US-Japan relations. Unlike the 1979 book by Harvard professor Ezra Vogel, Japan is no longer number one. Over the next 25 years, China will be the major player in Asia and Japan will have a secondary role. The path that China takes over the next 25 years will have a strong affect on the role that Japan plays:

Scenario 1: China becomes free and democratic in the next 5 to 10 years. This is the best case scenario. Although it is a very

rosy picture of the future of Asia, a number of prominent Chinese think this may be possible. In this scenario, Japan will become a key economic node in a free, prosperous and democratic East Asian environment. China will be the major player, but Japan, with its longer experience as a modern developed economy, will be a key gateway and anchor point in East Asia. In spite of not being the number one role, this is still a very important role for Japan to play.

Scenario 2: China remains a dictatorship for the next 25 years. In this scenario, Japan will continue its role of today – a lesser player than China in Asia, but one with a more trusted and more open economic and legal system, and relatively low corruption. At the same time, Japan's role in security will continue to remain vital. The US-Japan security alliance will remain key to defending freedom and democracy where it exists in Asia: South Korea, Taiwan, Philippines, Malaysia, Indonesia, and

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JANUARY 2015 EVENT DETAILS

Date and Time

Friday, January 30, 2015

Registration/Reception — 6:00 p.m. – 6:45 p.m.

Program — 6:45 p.m. – 10:00 p.m.

Location

Palo Alto Hills Golf and Country Club
3000 Alexis Drive, Palo Alto, CA 94304

Ticket Fees

Early Bird Discount for first 60 — \$50 by Friday, January 9th, 2015 (11:00pm)

Regular Registration — \$65 by Monday, January 26th, 2015 (11:00 pm)

Late Registration — \$90 by Thursday, January 29th, 2015 (12:00 noon)

Walk-ins — \$125 (Subject to room capacity / cash or check only)

Food

Sushi, hors d'oeuvres will be served

Registration Website

www.keizai.org

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India. Although China will be a major player in Asia, as long as it is a dictatorship, it will always have a cultural separation from the free and democratic countries, and this will have an influence on the business climate as well.

Other Considerations

I get the sense that the Japan of today is satisfied with its lesser role in Asia. Michi Kaifu's appropriately titled book "Paradise Sakoku" (Closed-country Paradise) accurately reflects this phenomenon. The Japanese have, in many ways, a very pleasant life and they are reluctant to disturb it. That being said, lack of true reform may continue to hold Japan back. If Japan relies on the outdated tools of the past, like massive pork barrel projects and government meddling in the banking and insurance markets, then economic growth may be difficult.

On a different note, US-Japan cultural relations are bound to increase. More Japanese will come to work

in the US, not as ex-pats on temporary assignments, but as long-term residents. And more Americans will spend a few years living, working or studying in Japan. The number of US-Japan marriages is also likely to increase. All these will serve to strengthen the ties between the United States and Japan.

So come to the Shinenkai and listen to five key leaders give their view on the next 25 years of US-Japan relations. And then enjoy networking and exchanging your own opinions with cherished business contacts who you have not seen in a while. The Shinenkai is where, once a year, the Silicon Valley Japanese and American business community comes together, and we hope to see you there.

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CROWDFINANCING: MOVING BEYOND KICKSTARTER

By Joe Quinlan

On Thursday, November 20th, Keizai Society welcomed four speakers with intriguing viewpoints on the subject of CrowdFinancing. Non-equity based crowdfunding has been popular for some time now (Kickstarter, etc), but provisions of the groundbreaking 2013 JOBS Act will soon allow investors with an average level of income to invest in equity-based crowdfunding. This may turn out to be a revolutionary change in how new companies are funded.

Gene Massey of MediaShares explained how crowdfunding today is essentially either a donation or pre-paying for a product to be developed. In the case of films, this can come in the form of a DVD of the film once it is completed. He also explained the related field of CrowdLending. Gene further tossed out the opinion that the SEC's rule 506C violates the equal protection clause of the US Constitution, in that it currently limits CrowdFinancing only to wealthy individuals, not average citizens. This could theoretically be a Supreme Court case; however the impending opening up of CrowdFinancing to average-income individuals may preclude the need for legal action.

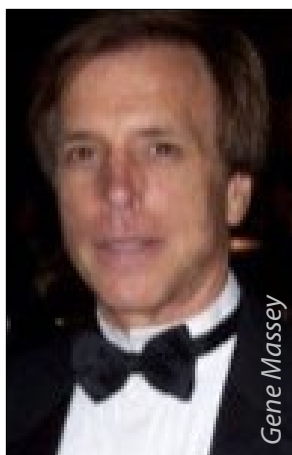
Michael Raneri explained the activities of his company Venovate Holdings. Within the current limitation of CrowdFinancing, Venovate targets high network

individuals and gives them high-touch assistance in CrowdFinancing. Even within the current limitations on CrowdFinancing, the number of high networth individuals in the US is expanding rapidly, thus providing fertile ground for Venovate.

Roger Royse, of Royse Law Firm, brought in a much-needed legal perspective on the situation. Fundamentally, the reason that the SEC and others have held back from opening up CrowdFinancing to average individuals can be summed up in one word: fraud. It is the concern about fraud that caused some of the original opposition to the JOBS Act, and has also caused the SEC to move more slowly than the timeframe originally envisioned in the JOBS Act. Even after CrowdFinancing is opened up to regular investors, the regulatory burden imposed by SEC rules may mean that little investment will happen in this way. Thus, the SEC may need to adjust its rulings as the market develops, to ensure that meaningful CrowdFinancing by average investors is possible. But there will continue to be this ongoing tension between free-market investing and consumer protection.

Koji Osawa of Global Catalyst Partners brought in the Japan perspective for the evening. Although definitely behind the US, the elements of CrowdFunding and CrowdFinancing are starting to fall into place in Japan. Some early companies (similar to Kickstarter) have appeared, but the volume of their transactions is still small. Nonetheless, with some

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Gene Massey



Koji Osawa



Michael Raneri



Roger Royse

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basic infrastructure and regulatory work now taking place, it is likely that if the US CrowdFinancing market accelerates, then Japan will be in a position to follow the US into this exciting field.

The evening was skillfully moderated by Mark Boslet, Senior Editor at Thomson Reuters. Mark is quite knowledgably in this field, and we were very fortunate to have his stimulating leadership of what turned out to be another captivating Keizai Society event. ❀

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The Way of Tea

KEIZAI IS HIRING!

The Keizai Society is looking for highly motivated and talented individuals to join our volunteer executive team. Working with our team and board of directors is a great opportunity to create exciting forums for the US/ Japan business community in Silicon Valley.

We have multiple positions available in many areas including Website Management and Program Managers.

Japanese language skills are not required. For more details, please email contact@keizai.org with a subject line "Keizai Positions" to discuss these opportunities.

We hope you'll join the Keizai Team!

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