

## **Frequently Asked Questions**

### **Question: I have never heard of a REG D 504 Private Placement Memorandum. How long has it been around?**

The Securities & Exchange Commission has had a series of RED A & REG D offering since 1933. In 1982 the SEC adopted RED D 504 to benefit start-up and small businesses without burdening them with restrictions common to other series REG's.

### **Question: Do I need a Corporation or can I use my Limited Liability Company (LLC) with a REG D 504 Private Placement Memorandum?**

REG D 504 Private Placement Memorandums can be used with either a LLC or Corporation business structure. The LLC only offers or sells positions while the Corporation can sell stock. The majority of private investors want stock certificates not positions. The experiences of most LLC position offers are extremely difficult and slow to fulfill.

### **Question: I have heard it is extremely hard to raise money, is that true?**

Yes, if you are using the wrong document and trying to sell the wrong investor. Most people use Business Plans to raise money and that is a serious mistake. The Business Plan has its place but when it comes to raising money it is not structured to multiple investors. It also will attract Angel Investors which I refer to as Demon Investors.

### **Question: Why do you refer to Angel Investors as Demons?**

Most Angel Investors are looking for an opportunity. Primarily they are seeking out someone who is desperate and will sell their "soul" for funding. The Angel Investor first of all wants to loan the money at a high rate of interest. In addition, the Angel Investor want control of the company and may insist on as much as 80% equity until their money has been paid back. And interesting enough, some Angels are actually interested in stealing the concept or business in the first place. If paid back, the Angel Investor will keep from 25% to 49% equity in the business.

### **Question: What about Venture Capitalists?**

Venture Capitalists are usually not interested in any investment under \$5 million. In fact, usually they are looking at investments that range from \$20 million to \$50 million.

### **Question: How long does it take to prepare a REG D 504 Private Placement Memorandum?**

If the items are available that is needed to prepare the PPM, only a matter of a few weeks and sometimes faster.

**Question: I have limited funds to contract your services, how can I do this if I can not pay your fees now?**

This situations arises frequently with individuals who have sunk everything they own into their project or company. I have helped many people resolve this situation and will be glad to individually discuss it with you.

**Question: How long does it usually take to raise all of the money I want?**

It will depend on how much you are wanting to raise and how marketable your Private Placement Memorandum is going to be. Some clients have raised their funds in a matter of weeks while other take many months. The good news is money can begin to flow into your company immediately.