

Do I Need a Private Placement Offering?

Non Traditional Method of Funding

With the current state of our economy, business owners are unable to keep or maintain their current lines of credit or establish satisfactory banking relations that enables borrowing power therefore other alternative methods of funding have become necessary. One of the “Best Kept Secrets for Funding” is the Regulation D series allowed by the Securities & Exchange Commission. This method is not new but has been available since 1933 however most business owners are not familiar with this procedure.

The Private Placement Offering is considered to be one of the best kept secrets in business funding available to individuals wanting start up funding or existing business owners who need expansion funding.

Why You Might Need a Private Placement Offering

If you are considering funding a new business or have an existing business that requires additional funding for expansion or further development you might be a good candidate for a Reg D private placement offering. The SEC prohibits a privately held company whether the business structure is a corporation or an LLC from offering its stock or membership units for sale unless you qualify for an exemption. The Reg D series of offerings provides such an exemption to business owners.

Can I Use a Business Plan or Executive Summary to Raise Money?

If you are a corporation or a LLC, using these materials alone to raise money would be considered a violation of the SEC laws. You must have the proper documentation and exemption to sell equity in your business in compliance with the SEC. Using a business plan to raise money is a very weak method to use because it is in most cases an unstructured document and is never intended to be used to raise money not to mention a potential violation of the SEC. A business plan is a guide for internal use, not an instrument to raise money with.

Are There Investors for My Project?

Yes, if the memorandum is written properly with a fair return of investment for the private investor the offering may appeal to a number of private investors. You must also know who to approach meaning the type of investor to make your offering available to. Going to the wrong type of investor can be frustrating and discouraging to most inexperienced individuals.

What's My Next Step?

The commitment to yourself to provide investment opportunities to private investors must be taken seriously. You have a responsibility to be fair and honorable with your investors. If you've never done this before, It would be wise to use an experienced consultant and coach as you enter the arena of funding. Profran Consultants prepares many private placement offering each month from the creation of the business structure, preparation of the memorandum, development of the marketing tools and promotional items to providing the direction and consultation necessary to successfully present your offering to potential investors. The last thing Profran Consultants does is to provide potential investors for you to make contact with.