

## APPENDIX B / THE OTHER SIDE OF THE TABLE

# Before the First Dollar Moves

## A Private Offering Checklist

Twelve questions to answer before accepting offering proceeds.

- 1 Which exemption: Rule 506(b), Rule 506(c), Regulation A, or another? Decided in writing.
- 2 Has everyone who will speak about the company been told what they may and may not say publicly?
- 3 If 506(c): what verification method will be used for each purchaser, and who will keep the record?
- 4 If 506(b) with non-accredited investors: is the required disclosure package prepared?
- 5 Has a bad actor inquiry been completed for every covered person?
- 6 Is anyone being paid to introduce investors? Are they registered? How are they compensated?
- 7 Is the offering document accurate, current, and consistent with the deck, website, and any press?
- 8 Are subscription documents, investor questionnaires, and board approvals complete?
- 9 Is the Form D calendared for fifteen days after the first sale?
- 10 Are state notice filings identified and calendared?
- 11 Could this offering be integrated with any other recent or planned offering?
- 12 Is the capitalization table current and supported by documentation for every prior issuance?

## APPENDIX B / REFERENCE GLOSSARY

## Terms to know

**Accredited investor**

An investor meeting income, net worth, professional, or entity criteria defined in Regulation D.

**Bad actor disqualification**

The rule that makes Rule 506 unavailable if the issuer or a covered person is subject to specified disqualifying events, such as certain convictions, regulatory orders, and injunctions.

**Finder**

A person who introduces investors to an issuer. A finder who solicits investors or receives transaction-based compensation risks acting as an unregistered broker.

**Form D**

The notice filed with the SEC for Regulation D offerings.

**General solicitation**

Advertising or other public communication used to offer securities.

**Integration**

The analysis of whether two or more offerings should be treated as a single offering for purposes of an exemption.

**Rule 506(b)**

The Regulation D exemption permitting sales to accredited investors and up to thirty-five sophisticated non-accredited investors, without general solicitation.

**Rule 506(c)**

The Regulation D exemption permitting general solicitation, provided every purchaser is accredited and the issuer takes reasonable steps to verify that status.