Published based on A Private Placement Memorandum Will Not Get You The Funding You Need: A Must Read

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For those of you in a mad dash for funding you've obviously realized that banks and institutional lenders aren't going to be parting with their cash anytime soon. The bailout money provided to them by our tax dollars was meant o jump-start the entrepreneurial community and spike job creation but this just as everything else our government does with the shake down capital it rapes from it's citizens is nothing but smoke and mirrors.

Yes they are taking your money and placing our children in the greasy talon grip of indentured servitude without a choice and yes the banks were suppose to use this bailout money for our economy but the hand is quicker than the eye and here we are again, broke and left in economic limbo as once again the system and the government sucker punched hard working citizens, drug them into a dark alleyway and put the beat down on Joe Public. Who will come to your defense if the government that has an emergency IV hooked up to your bank account and wallet will do nothing but lie as reciprocation for destroying your company, taking your money and pummeling your children into submission as future economic lab rats.

There has been a lot of talk about Regulation d (regulation d 504, regulation d 505 and regulation d 506) also referred to as a Private Placement Memorandum which is a little used process of raising public capital via private placement with an SEC approved process for raising capital for private companies. In a typical economy investors will get involved and let their investment ride while the company restructures and pays out modest dividends prior to the payback of the Reg D payback.

Here is the problem with Regulation D, in these current economic conditions an investor is demanding a built in exit strategy with a time limit and the investment must be done in a strategic, solid manner. A prototypical, off the shelf PPM will have too many restrictions for an accredited investor to be able to sell their shares to a ready market which means the investor will need to hang onto those shares for 24+ months and just hope that the company doesn't go broke during that period.

Here is an alternative. Use the regulation d rule 506 exemption as a pre public structure to raise just enough capital to get your company moving and use the additional proceeds to go public on the OTCBB (over the counter bulletin board). Place the pre public investor's names on the s1 so that they can trade without restriction when the company is public just a few months later. There is you exit strategy and optimal capital raise. Make your fund raising efforts count, reg d is a great pre OTCBB structure which will provide the powerful exit strategy that will have investors banging your door down with interest.

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