



Why Go Public?

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What is “Going Public”

- The process of registering shares of a company’s stock with the U.S. Securities and Exchange Commission or SEC; and
- The offering of the stock for sale to the public for the first time.

Benefits of Going Public

- Access to public capital markets;
- Use of equity as currency;
- Liquidity for investors; and
- Enhanced market value.

Burdens of Going Public

- Periodic reporting;
- Public disclosure pitfalls;
- Restrictions on sales by insiders;
- Effect on management decisions;
- Separation of ownership and control; and
- Expensive and time-consuming.

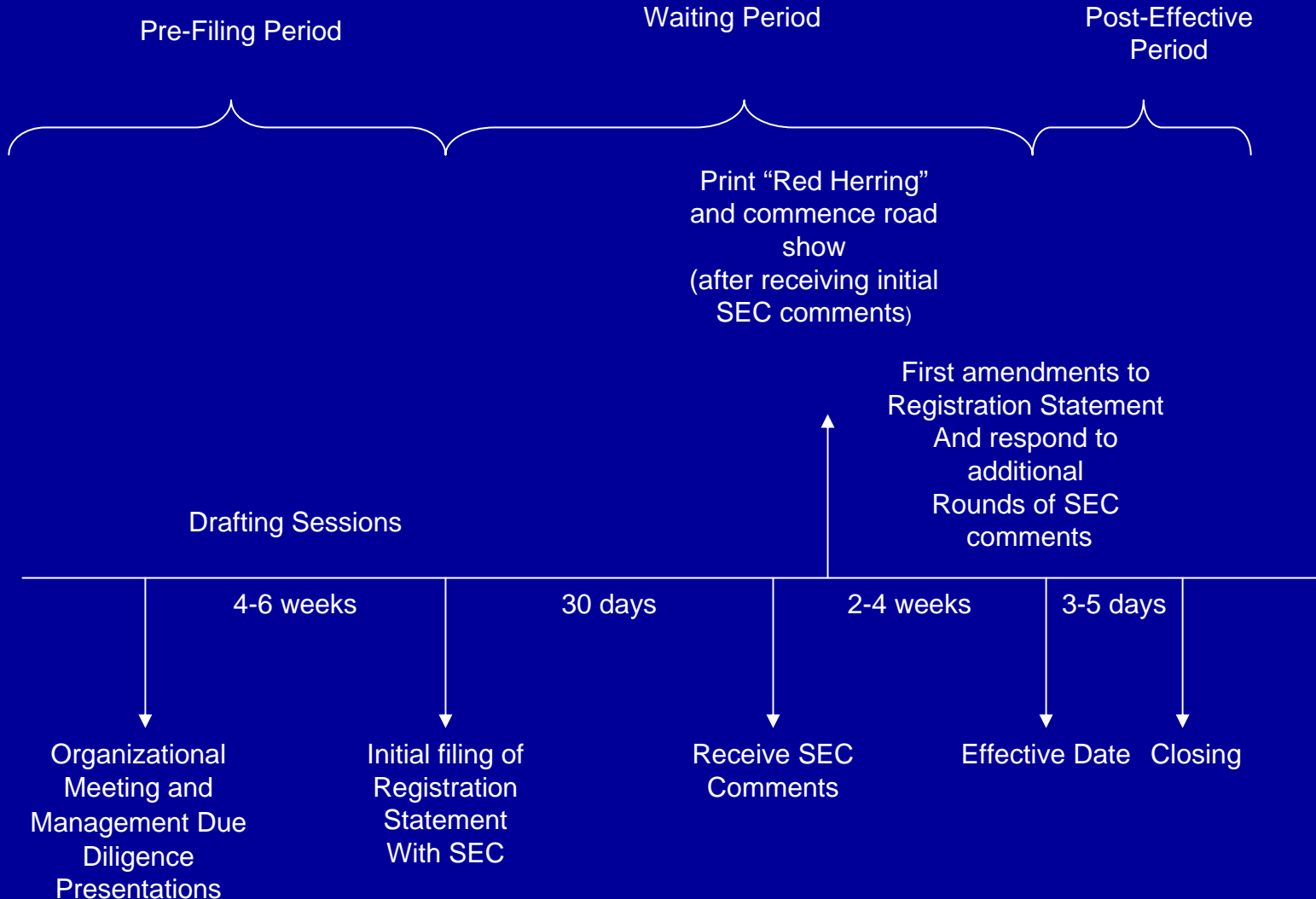
Listed v. Non-Listed

- Listing provides greater liquidity for investors;
- Listing is appropriate if there is a concern for stock appreciation and value; however,
- Not listing allows for flow-through taxation.

Preparing to Go Public

- Determining the appropriate time;
- Review of the corporate, organizational and capital structure;
- Legal and business review of the company; and
- Selecting the managing underwriter, if any.

Timeline of the Offering



SEC Offering Reforms

- New bright-line 30-day safe harbor;
- Free writing prospectus; and
- Access equals delivery.

Contents of a Registration Statement

- Summary;
- Risk factors;
- Management discussion and analysis;
- Capitalization;
- Management;
- Financial statements; and
- Related party transactions.

State Registration

- If a company registers to sell securities federally and the company is not listed, the company **must** either:
 - 1) Register by coordination in each state where the company wishes to sell securities; or
 - 2) Meet an exemption from registration in each state where the company wishes to sell securities.

Life as a Public Company

- Reporting requirements;
- Public communications;
- Forward-looking statements;
- Annual reports and meeting;

Life as a Public Company

- Misstatements and omissions;
- Misuse of inside information;
- Insider reporting and profits;
- Reports by 5% holders; and
- Resale.