

Private Placement Memorandum Preferred Shares For LLC Line-by-Line Instructions

All areas requiring your input are highlighted in Red Type, which makes it easy for you edit and customize the template for your offering.

This guide is a compliment to the document titled “PPM Preferred Shares – Numbered Lines”. It walks you through the various sections of the PPM, so that there is no guessing on you part.

LINE #	DISCUSSION
1	<p>Write or type in the name of the Recipient and a unique Memorandum Number for each memorandum distributed. If distributing electronically, distribute the PPM in PDF format.</p> <p>To avoid duplicate numbers if there is more than one partner marketing the transaction, have each partner begin with a unique number, e.g. 100, 200, 300, etc.</p> <p>Also be sure to track the state of residency for each recipient as this information will be required for your Form D. You also will be required to make state filings (since each state has different thresholds and requirements; check with your attorney).</p>
6	<p>This is the name of your acquisition vehicle. We recommend setting up a corporation through which to raise your capital and make the acquisition. Setting up an LLC is inexpensive and easy to do on your own. Additionally, there are several online services that make it very streamlined.</p> <p>Consult with your legal and tax advisors on which form your entity best meets your situation.</p> <p>Also remember that if you set up the acquisition vehicle after finding a company to acquire, you will need to assign the Letter of Intent over to the acquisition vehicle.</p>
7	<p>State of incorporation.</p>
11 & 12	<p>Minimum and maximum dollar amounts with which you will close your offering. For our purposes (an acquisition), the spread of the min/max should be fairly tight, with a good rule of thumb of targeting the minimum at ~80% of the maximum.</p> <p>Make sure you have built in to your deal a mechanism to fund the difference, e.g. an agreement to fund more in bank or seller debt.</p>