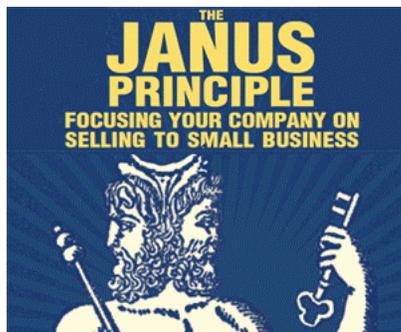




SMALL BUSINESS DIGEST

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New JOBS Act Eases Money-Raising Regulatory Burden For Small Businesses

Finding funding, especially for expansion, is a top priority for many small businesses.

Recent surveys by this newsletter's parent, Information Strategies, Inc. and others continue to find considerable interest and frustration with fund raising.

For some small businesses, looking to find outside investors, the recently enacted Jumpstart Our Business Startups (JOBS) Act opens new ways for entrepreneurs to raise the money to grow their business.

The JOBS Act significantly expands the pool of potential investors, eases some of the restriction on who can participate, makes investing in small businesses more attractive and lowers the regulatory burden for more mature business of "going public."

Entrepreneurs should be aware of what the new legislation entails when forming a comprehensive strategy for raising capital and growth.

"The JOBS Act is a game changer for entrepreneurs and 'Main Street' businesses," explains Rob Kaplan, a partner at the law firm Kaplan Voekler Cunningham & Frank (KVCF). "Those who are unaware or don't fully understand the implications may miss out on opportunities that are now becoming available."

Here, briefly, are what every entrepreneur needs to know about the JOBS Act:

The JOBS Act creates new "strata" of public securities -- Under Regulation A, which exempts securities that qualify from registration, but they may still be sold publicly and traded, entrepreneurs will now be able raise \$50 million every 12 months. The old rules capped the amount to be raised at \$5 million. This creates a new ability for entrepreneurs to raise capital efficiently and will also stimulate the likely creation of new securities markets beyond Wall Street.

The "IPO Onramp" provisions of the Act simplify the transition for private business to go public by relaxing reporting and compliance requirements for five years for companies under \$1 billion in revenues that go public.

The JOBS Act creates new opportunities for earl-stage funding -- Entrepreneurs can now raise \$1 million by crowd funding -- the process of raising small amounts of capital from a large number of investors -- within a 12-month period. While these new regulations offer increased opportunities, they do not eliminate angel investing as a viable and even preferred option for entrepreneurs.

General solicitation will be permitted in the context of certain "private" securities transactions, however, the securities must only be sold to "accredited investors" and may not be freely traded post-investment.

As with any financial transaction working with an attorney or law firm focusing on capital formation and compliance is the best way of avoiding regulatory missteps.

"As is the case with any new financial regulation, there is much to learn and plenty of landmines to navigate," says Tom Voekler, a partner at KVCF that focusing in real estate based securities.



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