



Questions

CSI IS HERE TO HELP

CALL OUR DIRECT HOTLINE
AT 406.444.3815

WHAT IS CAPITAL FORMATION

The process by which companies accumulate wealth through investors. Capital formation regulatory requirements vary depending on how you are soliciting investors and from whom you seek money.

REMEMBER: The less sophisticated the investor, the stricter the rules!

CRITICAL QUESTIONS FOR COMPANIES TO ASK

What type of investors are you seeking?

- ▶ Family and close friends?
- ▶ General public?
- ▶ Accredited or sophisticated investors?
- ▶ Angel investors?

Will you advertise the offering? How?

How many investors are you seeking? How much money are you looking to raise?

FOR INVESTORS

How are you investing?

- ▶ As an individual?
- ▶ Through a private company, fund, or a business development company?

Are you getting debt or equity in the company?

What are your liquidity needs?

Is the company providing full and fair disclosure?

This information is intended to present a broad overview of capital formation and improve your understanding of the regulatory environment for investors and companies.

For more detailed information on this topic, contact the Office of the Montana State Auditor Securities Division.

DISCLAIMER: The Office of the Montana State Auditor cannot give legal or financial advice. This summary of our interactive small business offering options decision tree is intended only to provide general information. It is not complete and should not be relied upon to effect an actual offering or sale of securities. Please refer to the actual statute and related rules for more complete information. Before you conduct any offers or sales of securities, you are strongly encouraged to consult an attorney with experience in securities law to ensure your compliance with all applicable law.



Raising Capital IN MONTANA

Start asking the questions we all want answers to

- ▶ Are you seeking to raise money for a new or existing business?
- ▶ Are you looking for a Montana company to invest in to support Montana growth?



TROY DOWNING

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OFFICE OF THE MONTANA STATE AUDITOR

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OFFERING OPTIONS DECISION TREE

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REMEMBER:
MCA 30-10-104 grants certain securities exemption from state registration!

