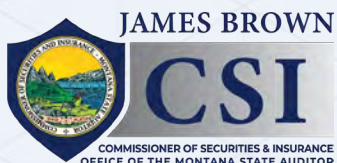


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Commissioner of Securities
and Insurance,
Montana State Auditor



CHRISTI JACOBSEN
Montana Secretary of State



STEVE DAINES
U.S. Senator



TIM SHEEHY
U.S. Senator



KEYNOTE



BRIANNA DANIELS
Founder/CEO, Bridger Bionics



From Survivor to Startup: Leading with What You've Lived

Brianna Daniels

CEO & Co-Founder Bridger Bionics

TrialWear Engagement Lead

























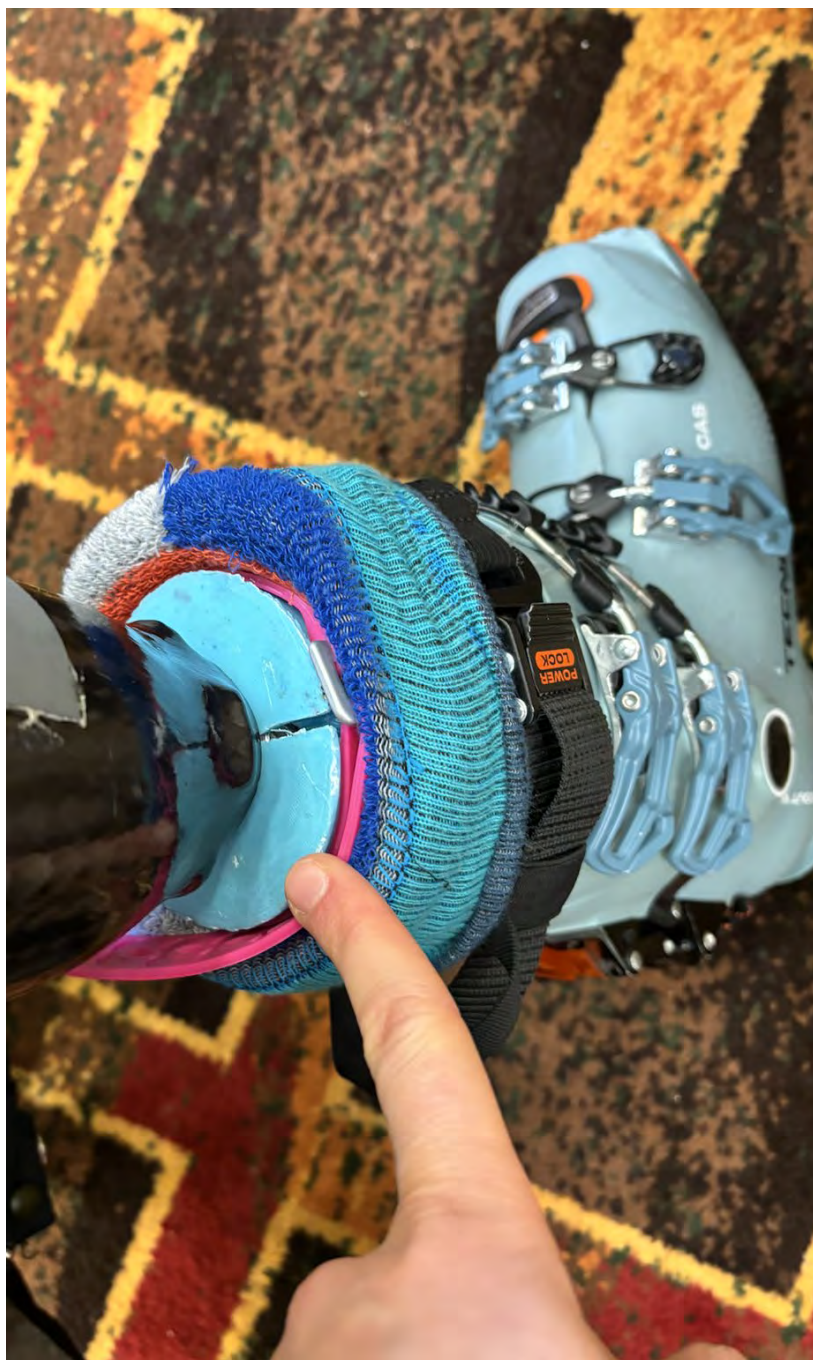
Safety Information Website

Bridging technology to effectively communicate clinical trial safety information











Bridger Bionics | Our solution.



The first ever **fully personalized, load bearing, multi sport prosthetic cover**. Filling in the gap, giving amputees back control.

One Prosthetic. One custom cover. Multiple Sports.













Thank you.

Questions, comments, stories of
your own?



DIFFERENT OPTIONS FOR RAISING CAPITAL



KIRSTEN MADSEN
Moderator
CSI Deputy Securities
Commissioner



PAUL REICHERT
Executive Director
Prospera



PAUL GREEN
Executive Director
Big Sky Economic
Development



BRENT DONNELLY
District Director
U.S. Small Business
Administration



SCOTT HOLTON
Chief Financial Officer
Next Frontier Capital



LIZ MARCHI
Head of Community
Engagement
Two Bear Capital





U.S. Small Business
Administration



U.S. Small Business
Administration

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- NEXT FRONTIER CAPITAL
- INVESTING IN MONTANA June 12, 2025

SCOTT HOLTON



Scott Holton, CFO/Partner
scott@nextfrontiercapital.com

406-579-7044

Our team invests in founders early and with conviction



FUND IV
\$102M

CHECK SIZE
\$2-4M

STRATEGY
Lead Rounds

OWNERSHIP
Double-Digit

FOUNDED
2015

AUM
\$250M

ACTIVE FUNDS
4

EXITS
9

TEAM
8

DIFFERENT OPTIONS FOR RAISING CAPITAL

SURVEY



INVESTING IN PEOPLE AND PLACE

Building the entrepreneurial ecosystem for Montana's future



BECCA EGBERT
Podium Capital LLC,
Founder, GP



INVESTING IN PEOPLE & PLACE

Building the Entrepreneurial Ecosystem
for Montana's Future

Becca Egbert

Podium Capital

CURRENT VIBES:

young talent choosing opportunity over home



An aerial photograph of a mountain valley. In the foreground, there is a small town with many houses and green fields. A large, rectangular brown field, possibly a construction site or a dry lake bed, is prominent on the left side. The middle ground shows rolling green hills and more forested areas. In the background, there are high, rugged mountains under a sky with soft, golden light, suggesting sunrise or sunset. The overall scene is peaceful and scenic.

OPPORTUNITY IS HERE

and more is coming

ONE OF THE FASTEST GROWING INNOVATION CENTERS IN THE US

ranked the No. 1 state for startups

- startup opportunity score of 9.55, highest on the list
- 10-year survival rate of 41%
- 422 startups per 100,000 people

CAPACITY, CAPITAL, CATALYSTS

the ecosystem is primed to grow rapidly

ECOSYSTEM LESSONS

great ecosystems are built by networks of care that show up





CONSISTENT ACTION

it is not WHO builds Montana's future - it is HOW
fast we build it together

INVESTING IN PEOPLE AND PLACE

Building the entrepreneurial ecosystem for Montana's future

SURVEY



SECURITIES LAWS AND CAPITAL FORMATION (1 CLE)



STACEY BOWERS

Director

SEC Office of the Advocate for
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2025 Investing in Montana Summit



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ROADMAP



INTRODUCTION TO OUR OFFICE



NAVIGATING REGULATORY PATHWAYS



HOW COMPANIES RAISE CAPITAL



TOOLS TO EMPOWER ENTREPRENEURS



ENGAGING WITH OUR OFFICE



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INTRODUCTION TO OUR OFFICE



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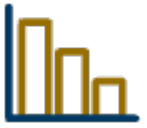


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Three -p art Mission



Protect investors



Maintain fair, orderly and efficient markets



Facilitate capital formation





Office of the Advocate for Small Business Capital Formation



Mission: Champion pragmatic solutions so small businesses —from startups to smaller public companies —and their investors can build great companies together using our capital markets.

Source: 15 U.S.C. §§ 78d and 78qq.



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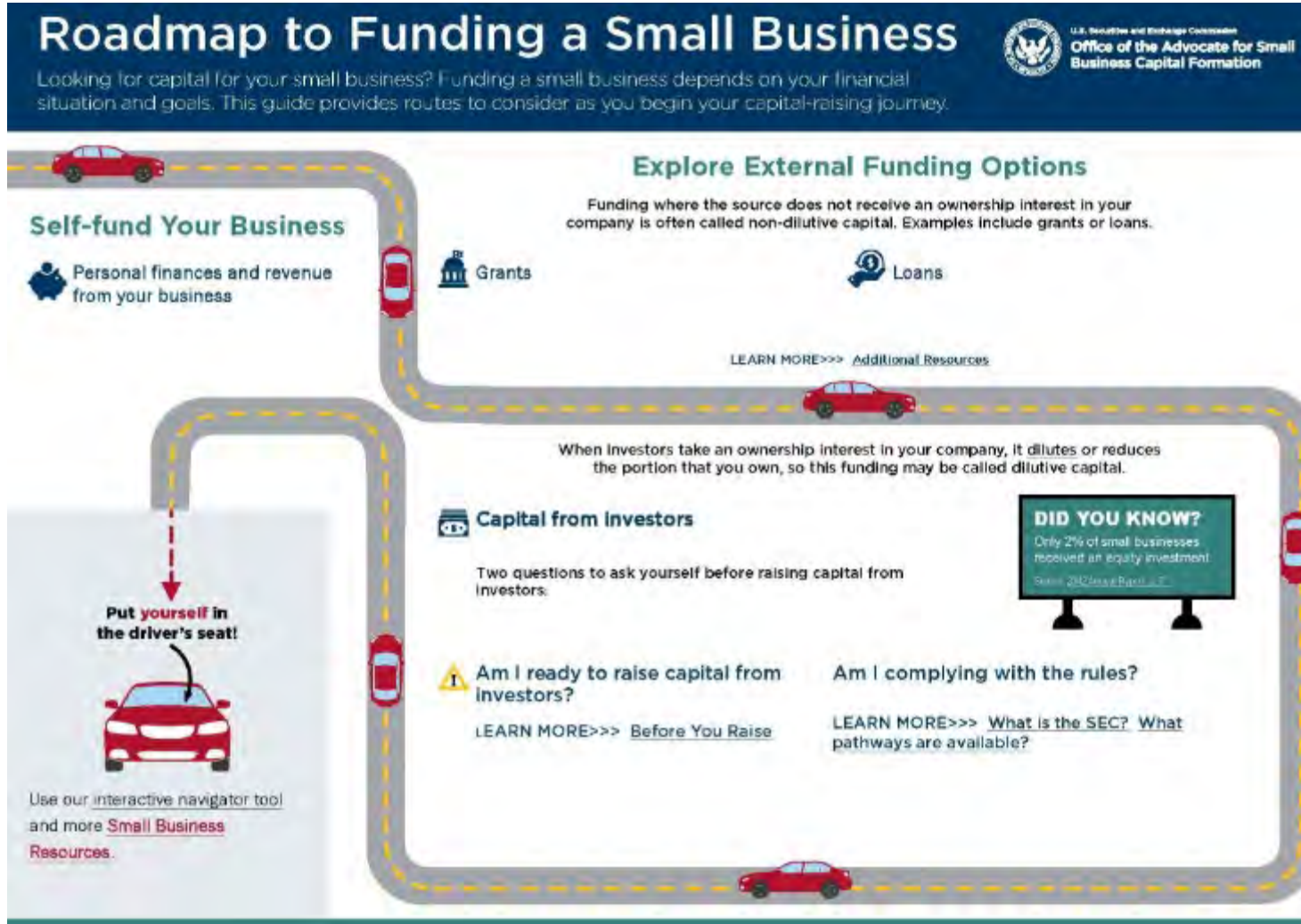
NAVIGATING REGULATORY PATHWAYS



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Funding a Small Business: Many Pathways





Ready to Raise CAPITAL?

Cap tables and financials

Update your financials for disclosure

C



Amount needed

Calculate your runway needs

A



Plan for proceeds

Describe how you'll use the money

P



Investor strategy

Focus on experts who bring value

I



Time and resources

Prepare to invest yourself in the process

T



Advisors

Line up your attorneys and accountants

A



Long term vision

Pitch with the investors' exit in mind

L

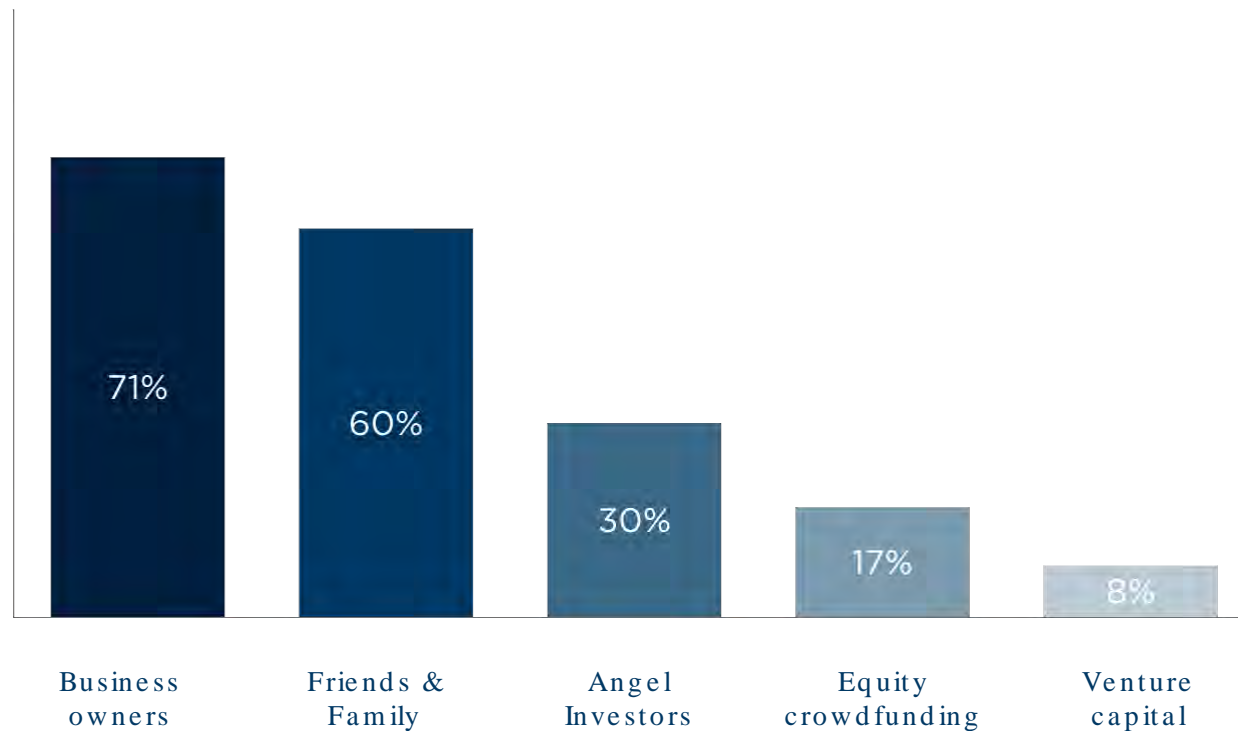


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External Sources of Capital

Where Small Businesses Turn for Capital



Source: [2024 Annual Report](#) p. 7; Federal Reserve Banks, "2024 Report on Employer Firms: Findings from the 2023 Small Business Credit Survey."



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The Role of the SEC

The SEC regulates all offers and sales of securities.



Every offer and sale of securities must be **registered** with the SEC or conducted under an **exemption** from registration.



This is true for companies of **all sizes**, private and public alike, and sales to **anyone**, including friends, family, angel investors, and venture capital funds.





What is a security?

Federal securities laws define the term “security” broadly.

Some types of securities that startups often issue include:



Stock



Membership
Interest



Stock
Option



Restricted
Stock



Convertible
Instruments



Debt

Other early-stage capital raising options may not be a security, such as federal grants, donations, and rewards or pre-purchases of a product.



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Securities Laws in a Nutshell

Every offer and sale of securities must be **registered** with the SEC or conducted under an **exemption** from registration.

Registered Public Offerings

- Initial public offerings (IPOs)
- Special Purpose Acquisition Companies
- Direct Listings
- Secondary registered offerings

OR

- Rule 506(b) Private Placements
- Rule 506(c) General Solicitation Offerings
- Rule 504 Limited Offerings
- Regulation Crowdfunding Offerings
- Intrastate Offerings
- Regulation A Offerings

Exempt Offerings





Capital -Raising Pathways



Rule 506(b) Private Placements allow companies to raise unlimited capital from investors with whom the company has a relationship and who meet certain wealth thresholds or have certain professional credentials. A company cannot use general solicitation in a 506(b) private placement.



Rule 506(c) General Solicitation Offerings allow companies to raise unlimited capital by broadly soliciting investors who meet certain wealth thresholds or have certain professional credentials.



Rule 504 Limited Offerings allow companies to raise up to \$10 million in a 12-month period, in many cases from investors with whom the company has a relationship.





Pathways to Capital Raising



Regulation Crowdfunding Offerings allow eligible companies to raise up to \$5 million in a 12 -month period from investors online via a registered funding portal.



Intrastate Offerings allow companies to raise capital within a single state according to state law. Many states limit the offering to between \$1 million to \$5 million in a 12 -month period.



Regulation A Offerings (sometimes called a “mini -IPO”) allow eligible companies to raise up to \$20 million in a 12 -month period in a Tier 1 offering and up to \$75 million in a 12 -month period in a Tier 2 offering through a process similar to, but less extensive than, a registered offering.



Initial public offerings (IPOs) provide an initial pathway for companies to raise unlimited capital from the general public through a registered offering. After its IPO, the company will be a public company with ongoing public reporting requirements.





Choosing the Right Pathway

Make a plan.

AMOUNT NEEDED

What amount of money do you plan to raise?

WHAT



HOW



CONNECTIONS

How do you plan to connect with potential investors?

LOCATION

Where are your potential investors located?

WHERE



WHO



ACCREDITED STATUS

Are your investors all accredited?



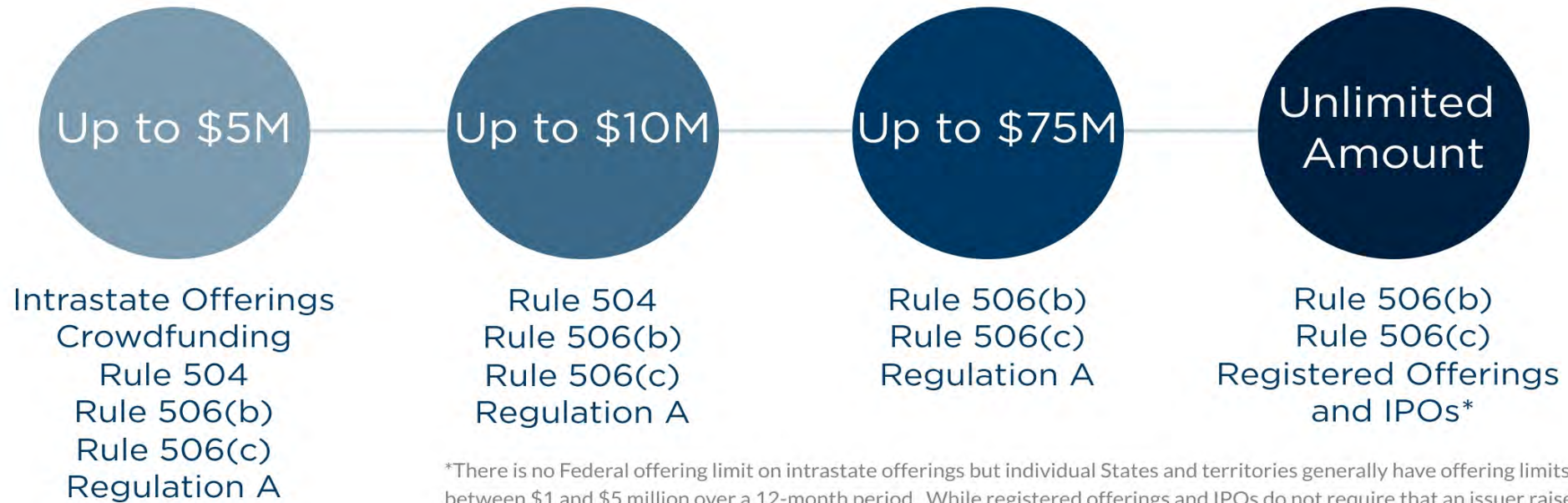
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Amount Needed: How much will be raised?



Different pathways allow you to raise different amounts of capital.



*There is no Federal offering limit on intrastate offerings but individual States and territories generally have offering limits between \$1 and \$5 million over a 12-month period. While registered offerings and IPOs do not require that an issuer raise a minimum amount, few issuers use registered offerings for proceeds under \$75 million.



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Connections: What is General Solicitation?

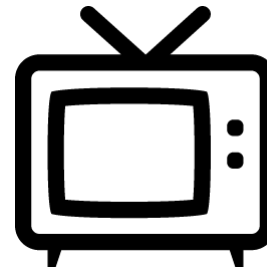
A general solicitation is a solicitation that conditions the market for an offering of securities, such as:



Newspaper and
magazine
advertisements



Unrestricted public
websites



Television and radio
broadcasts



Seminars (excluding
demo days)



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Connections: What is General Solicitation?



Why does this matter?

Some regulatory pathways **limit** how companies can connect with potential investors.

For example, **Rule 506(b) of Regulation D** — the most commonly used offering exemption — **prohibits** the use of **general solicitation** to market the securities.





Connections: How can I avoid general solicitation?



Limit the offering to investors with whom the company (or its broker dealer or investment adviser) has a pre-existing, substantive relationship.

"Pre-existing"

Formed **before** the start of the offering
or

Established through a broker - dealer or investment adviser
prior to that investment professional's participation in the offering

"Substantive"

Formed when the entity offering securities has sufficient information to evaluate and evaluates a potential investor's status as an accredited investor





Accredited Status: What is the role of accredited investors?



Many offering exemptions limit participation to accredited investors or restrict participation by non-accredited investors.

Only Accredited Investors Allowed



- Rule 506(c) General Solicitation Offerings

Restrictions for Non-Accredited Investors



- Rule 506(b) Private Placements
- Regulation A Offerings
- Regulation Crowdfunding

No Restrictions for Non-Accredited Investors



- Rule 504 Limited Offerings
- Intrastate Offerings
- Public Offerings





Accredited Status: How can individuals qualify as accredited investors?



Individuals may qualify based on wealth and income, as well as other measures of financial sophistication.



Financial Criteria:

- Net worth over \$1 million, excluding primary residence (individually or with spouse or partner)
- Income over \$200,000 (individually) or \$300,000 (with spouse or partner) in each of the prior two years, and reasonably expects the same for the current year



Professional Criteria:

- Investment professionals in good standing holding the general securities representative license (Series 7), the investment adviser representative license (Series 65), or the private securities offerings representative license (Series 82)
- Directors, executive officers, or general partners (GP) of the company selling the securities (or of a GP of that company)
- Any “family client” of a “family office” that qualifies as an accredited investor
- For investments in a private fund, “knowledgeable employees” of the fund





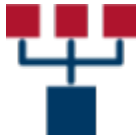
Accredited Status: How can entities qualify as accredited investors?



Entities owning investments in excess of \$5 million



The following entities with assets in excess of \$5 million: corporations, partnerships, LLCs, trusts, 501(c)(3) organizations, employee benefit plans, “family office” and any “family client” of that office



Entities where all equity owners are accredited investors



Investment advisers (SEC - or state-registered or exempt reporting advisers) and SEC-registered broker-dealers



A bank, savings and loan association, insurance company, registered investment company, business development company, or small business investment company or rural business investment company





Location: Where are your investors?



Why does this matter?



Intrastate offerings allow companies to raise capital within **a single state** according to **state law**. Many states limit these offerings to between \$1 million to \$5 million in a 12-month period.



Some — but not all — federal offering exemptions **preempt** state securities **registration and qualification requirements**.



States retain authority to investigate and bring enforcement actions for **fraud**, impose state **notice filing** requirements, and collect state **fees**.





HOW COMPANIES RAISE CAPITAL

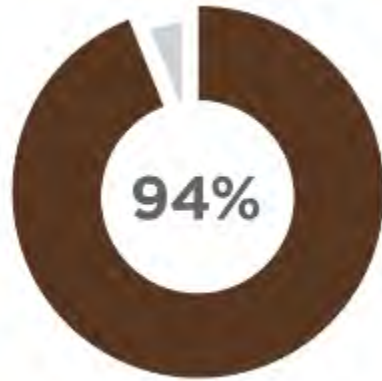


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Access to Capital is Key

Small Businesses are critical to the country's economy.



of Americans report that it is **important to have**
a fair opportunity to start and grow a business.

Since 2011, small businesses have created
of net new jobs .

80%

Source: [2024 Annual Report](#) p. 4; Right to Start, "[Entrepreneurial Dreams](#). Key Findings from Right to Start's Bipartisan Voter Poll on Entrepreneurship," (Sept. 26, 2022); Robert Press, "[All Grown Up](#): How Small Business Jobs Transition through the Economy," U.S. Small Business Administration Office of Advocacy, (June 11, 2024).

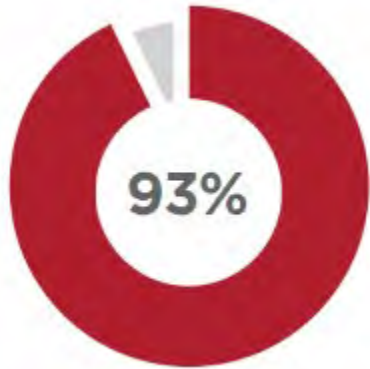


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Access to Capital is Key

Access to capital is still a challenge for small businesses.



of small businesses **experienced financial challenges** in 2023 (down from 94% in 2022).

77% of small business owners are concerned about their **ability to access capital** .

Source: [2024 Annual Report](#) p. 5; Federal Reserve Banks, "[2024 Report on Employer Firms](#): Findings from the 2023 Small Business Credit Survey," (Mar. 7, 2024); Goldman Sachs, "[Glass Half Full](#): Small Business Owners Optimistic About 2024 Despite Challenging Business, Lending Environment," (Feb. 1, 2024).

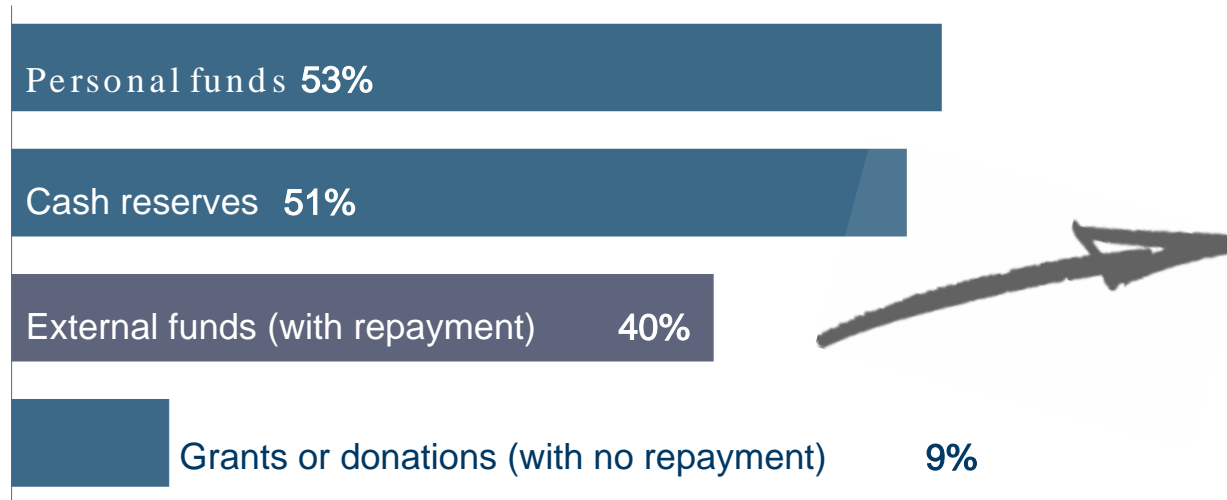


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Access to Capital is Key

Where Small Businesses Turn for Capital



Of the businesses that sought external financing ,

69%
sought a loan, credit line,
or credit card.

Source: [2024 Annual Report](#) p. 6; Federal Reserve Banks, ["2024 Report on Employer Firms: Findings from the 2023 Small Business Credit Survey,"](#) (Mar. 7, 2024).



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Access to Capital is Key

Where Small Businesses Turn for Capital



8% of small businesses received
a loan from friends and family .



2% of small businesses received
an equity investment .

Source: [2024 Annual Report](#) p. 7; Federal Reserve Banks, ["2024 Report on Employer Firms: Findings from the 2023 Small Business Credit Survey,"](#) (Mar. 7, 2024).

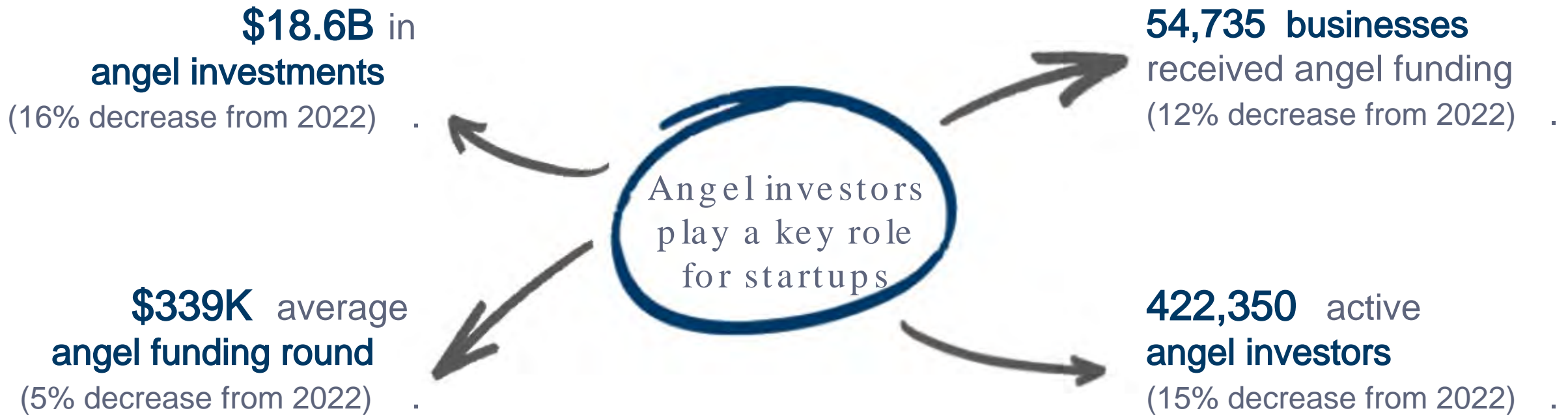


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Angel Investors

Angel investors play a key role in mentoring and funding entrepreneurs.



Source: [2024 Annual Report](#) p. 10; Jeffrey Sohl, "[The Angel Market in 2023: An Inflection Point for Women Angels?](#)," Center for Venture Research, (June 20, 2024).



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Seed Funding Trends

Seed activity continues to decrease in deal value and deal count.



Pre-seed and seed deals represented **34% of deals** in 2023 (down from 38% in 2022) and continue to be roughly **10% of all deal value.**

Source: [2024 Annual Report](#) p. 12; Kyle Stanford, et al., "[Venture Monitor Q2 2024](#)," PitchBook-NVCA, (July 10, 2024). Undisclosed deals were excluded.

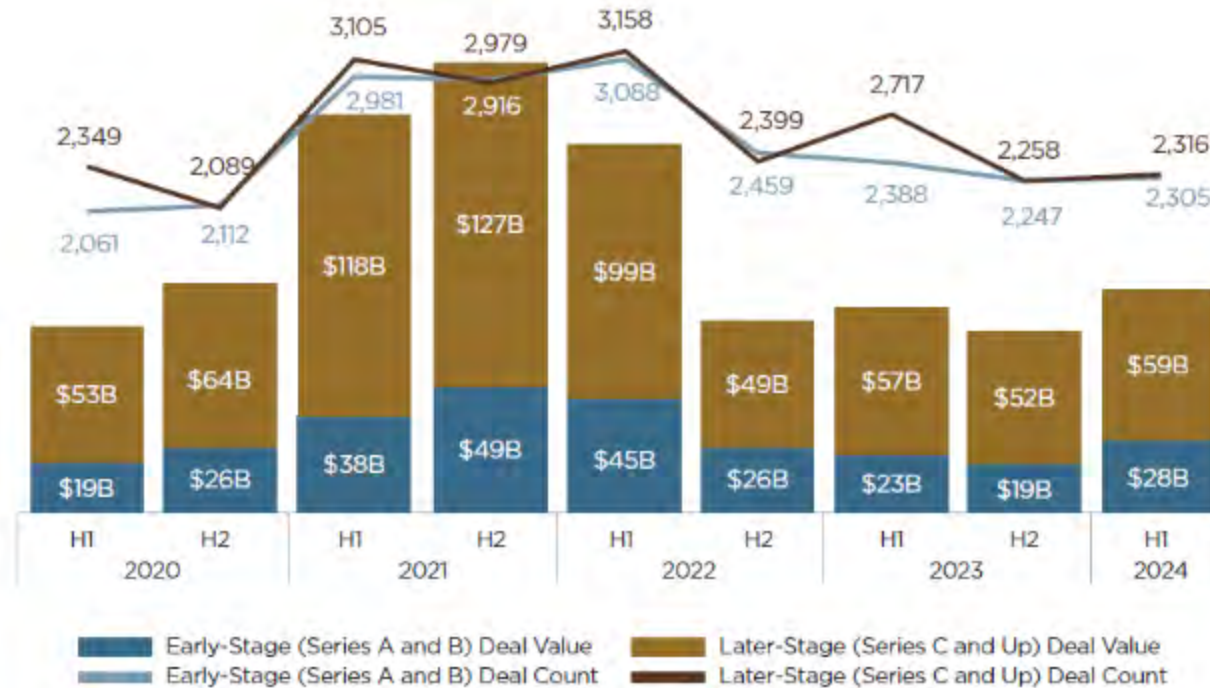


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Venture Capital Investing Trends

Over the last two years, deal value and count have remained steady.



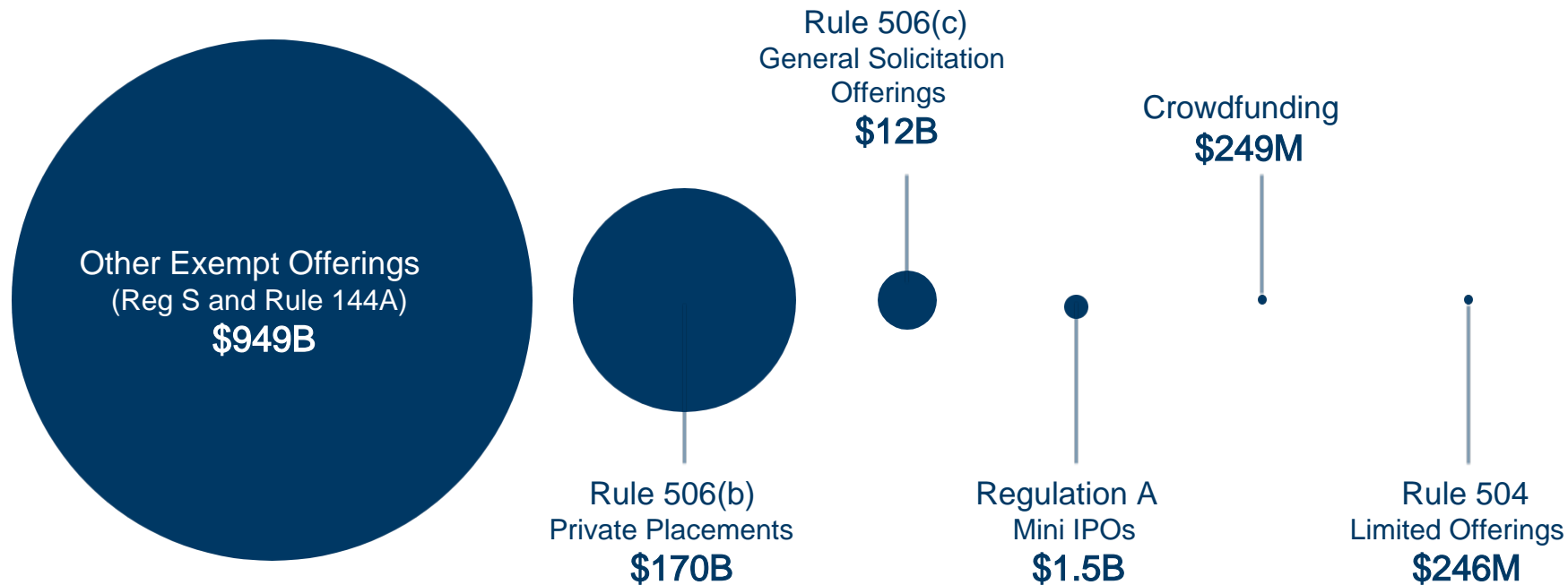
Source: [2024 Annual Report](#) p. 24; Kyle Stanford, et al., "Venture Monitor Q2 2024," PitchBook-NVCA, (July 10, 2024).



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What capital-raising pathways are companies using?

Exempt Offerings



Source: [2024 Annual Report](#) p. 14; This graphic is based on DERA data.



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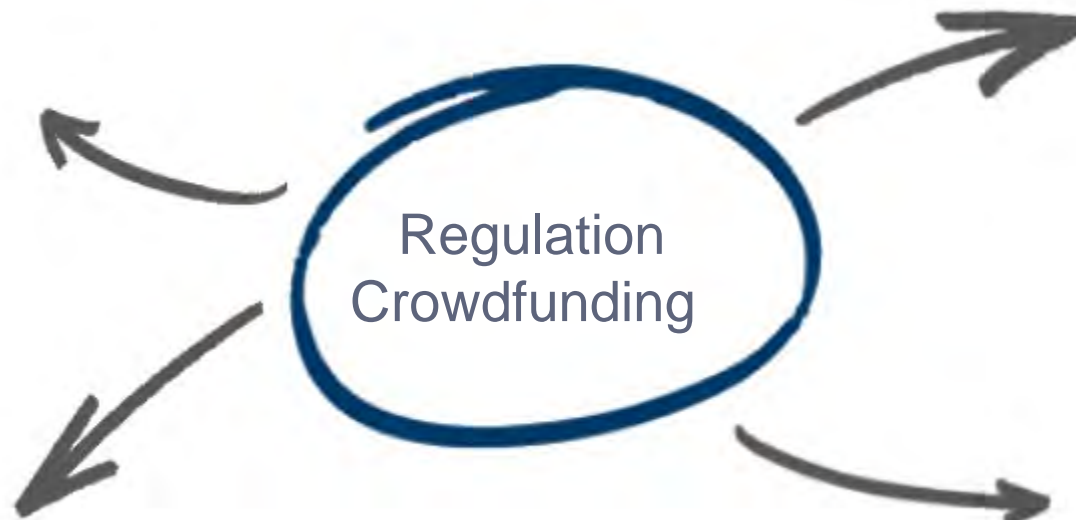
Capital-Raising Trends: Regulation Crowdfunding

\$1,200
average investor
check size

\$106K
median raise
(down from \$136K in 2022)

48% of businesses
using crowdfunding were
2-3 years old

\$368K
average raise
(down from \$429K in 2022)



Source: [2024 Annual Report](#) p. 17; Melody Chang, PhD, "[Women and Minority-Owned Businesses](#) in Regulation Crowdfunding," (May 2024); Crowdfund Capital Advisors Media, "[Celebrating 8 Years of Empowering Entrepreneurs](#): The Impact of Regulation Crowdfunding," (May 18, 2024); Léa Bouhelier-Gautreau, "[A Closer Look at Startup Funding](#): Key Equity Crowdfunding Metrics Since 2020," KingsCrowd (Jan. 15, 2024).

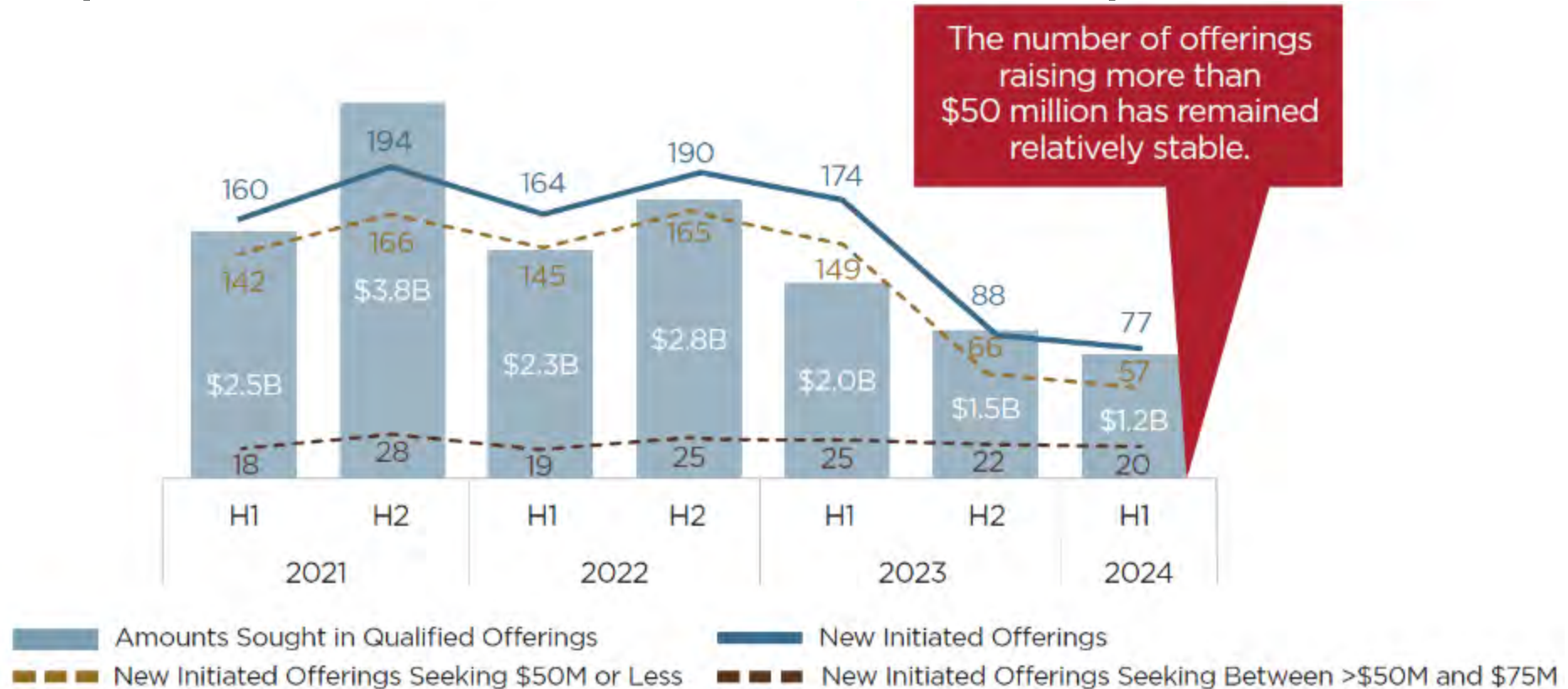


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Capital-Raising Trends: Regulation A

Regulation A amounts and offerings declined.



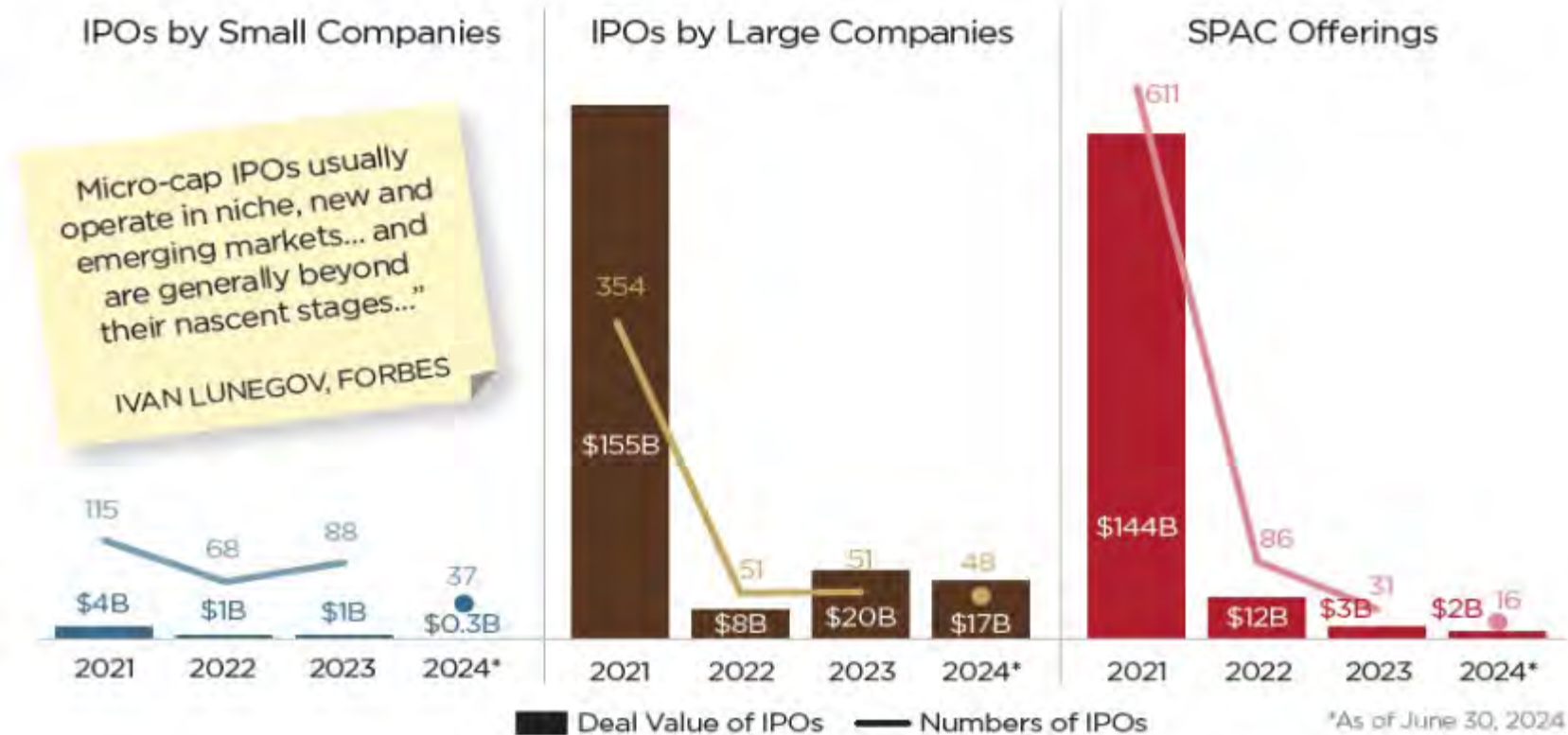
Source: [2024 Annual Report](#) p. 20; This graphic is based on DERA data.



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Small Company IPOs



Source: [2024 Annual Report](#) p. 32; This graphic is based on DERA data.



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Dean

Jake Jabs College of Business
and Entrepreneurship



ANDY AUBLE

Founder
Proof Razor



RYAN ABRAMSON

Co-Founder/CEO
ScoutCities.com



RONALD ZOOK

President/CEO/Co-Founder
Swan Valley Medical Inc.



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EVENT SURVEY

*Thank
You*



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