



News

Timothy Sullivan Authors Article, "Securities Rules for Private Equity Financings"

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In order to sell securities (notes, common stock, preferred stock, membership interests in an LLC), a company must either register the sale under federal and state securities laws or find an exemption from such registration requirements. Complying with the securities registration provisions of federal and state law is a time-consuming and costly process. Most small to mid-size companies do not want to spend the money or time it would take to register such sales. In addition, the registration of such sales with the SEC may subject the company to continued SEC reporting requirements.

Federal law offers a number of exemptions from registration, which exempt the particular transaction (e.g., a sale to an investor in a private placement) but not the underlying security.

Even if a federal exemption is available, a company must also comply with the securities laws of the state where the purchaser resides and obtain an exemption under the laws of that state. Furthermore, even though the sale may be exempt under federal and state law, the company is still subject to the anti-fraud rules and may face liability for securities fraud.

Tim's article, "[Securities Rules for Private Equity Financings](#)," reviews some common federal and Illinois exemptions.

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