

Show Me the Money: How to Raise Investment Capital for Your Brewery...Legally

Midwest Craft Brewers Conference
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L A W F I R M

When to Focus on Financing:

1. Business Plan
2. Entity Formation
3. Trademark (Secure the Brewery Name)
4. Location (Lease or Buy) AND Financing
5. Purchase Equipment, Build-Out and Licensing (TTB, State, Local)



Sources of Funds for Your Brewery Business

Your own funds



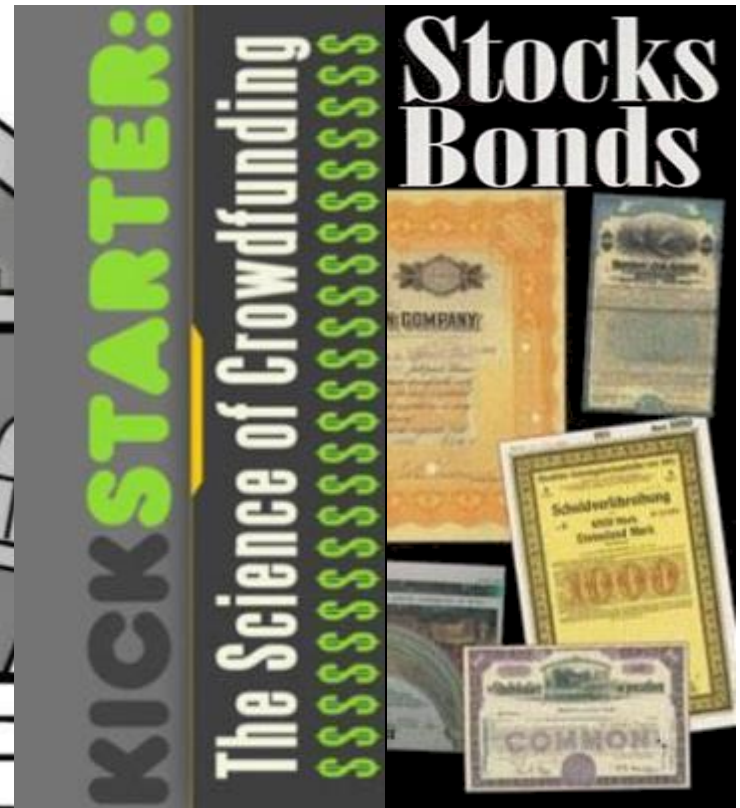
Debt (bank financing, likely SBA)



“Gap” financing (EDA, other local programs)



“Rewards” (Kickstarter, membership programs)



Investment Capital

Why do we have securities laws?

For nights made bright,
Friday Day, Fresh weather
will be with us.

59th YEAR—No. 250.

BROOKLYN DAILY EAGLE

And Complete Long Island News

LATE NEWS
WALL STREET
3:15 PRICES

NEW YORK CITY, THURSDAY, OCTOBER 24, 1929.

32 PAGES

WALL ST. IN PANIC AS STOCKS CRASH

Attempt Made to Kill Italy's Crown Prince

ASSASSIN CAUGHT IN BRUSSELS MOB; PRINCE UNHURT

Royal Sutor Was About to Lay Wreath on Unknown Soldiers' Tomb

Princess, Deeply Moved, Falls Into Finance's Arms and Kisses Him

Princess, deeply moved, fell into the arms of a man whose face she had never seen before. She was kissing him when she was struck by a mob of unknown soldiers.

Hollywood Fire Destroys Films Worth Millions

Attempt Made on Life. Considered Studios Are Sought by Flames Fatal to One—Master Pictures Burned Include Many New Talkie Productions.

Wreckage Picked Up Indicates Craft Went Down With All Aboard.

FEAR 52 PERISHED IN LAKE MICHIGAN; FERRY IS MISSING

Piece of Plane Like Diteman's Is Found at Sea

High Duty Group Gave \$700,000 to Coolidge Drive

Grandy Agrees Rains West Up Due to His Activities as Propagandist. Faxes More Lobbying to 'Canny Out Voters' Wish'

STOCKS CRASH IN RUSH TO SELL: BILLIONS LOST

Morgan, Mitchell Buying Stocks in Effort to Check Rush to Liquidate

Wall Street was in a state of panic, with the gates of hell being opened in the crash of the market. Stocks crashed in 30 minutes in a matter of hours. What looks like a panic is a panic in the making. The market was selling like hot cakes, but the situation had gotten beyond control.

Charles R. Grandy, chairman of the National Fire Board, was yesterday in the office of J. P. Morgan & Co. He was talking about the fire which broke out in the city of New York last night.

It was also understood the Morgan partners had been talking to representatives of J. P. Morgan to discuss the all-night session.

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Photo Taken in Page 11

CARNEGIE CHARGE OF PAID ATHLETES

HOOVER'S TRAIN HALTED BY AUTO

WARDER SOUGHT TO KEEP SEA TRIP

SOMERS NAMED AS HEAD OF NEW



JOSEPH R. GRANDY

Photo Taken in Page 11

Investment Capital

What laws do you have to be concerned with?

- Securities Act of 1933
- Securities and Exchange Act of 1934
- State “Blue Sky” Laws



Investment Capital

What is a security?



Investment Capital – Private Offerings of Securities

- 1933 Act default requires registration of any securities offering
- Alternative: find an applicable exemption from registration
- Also need to find an exemption from registration under state Blue Sky laws (each state where an investor resides)



Key Concept – Accredited Investors



Investment Capital

Section 4(2)

Regulation D

- Rule 504
- Rule 505
- Rule 506 (now 506(b))



JOBS Act: a Game Changer for Startups

JOBS Act eases some of the most onerous restrictions on raising capital

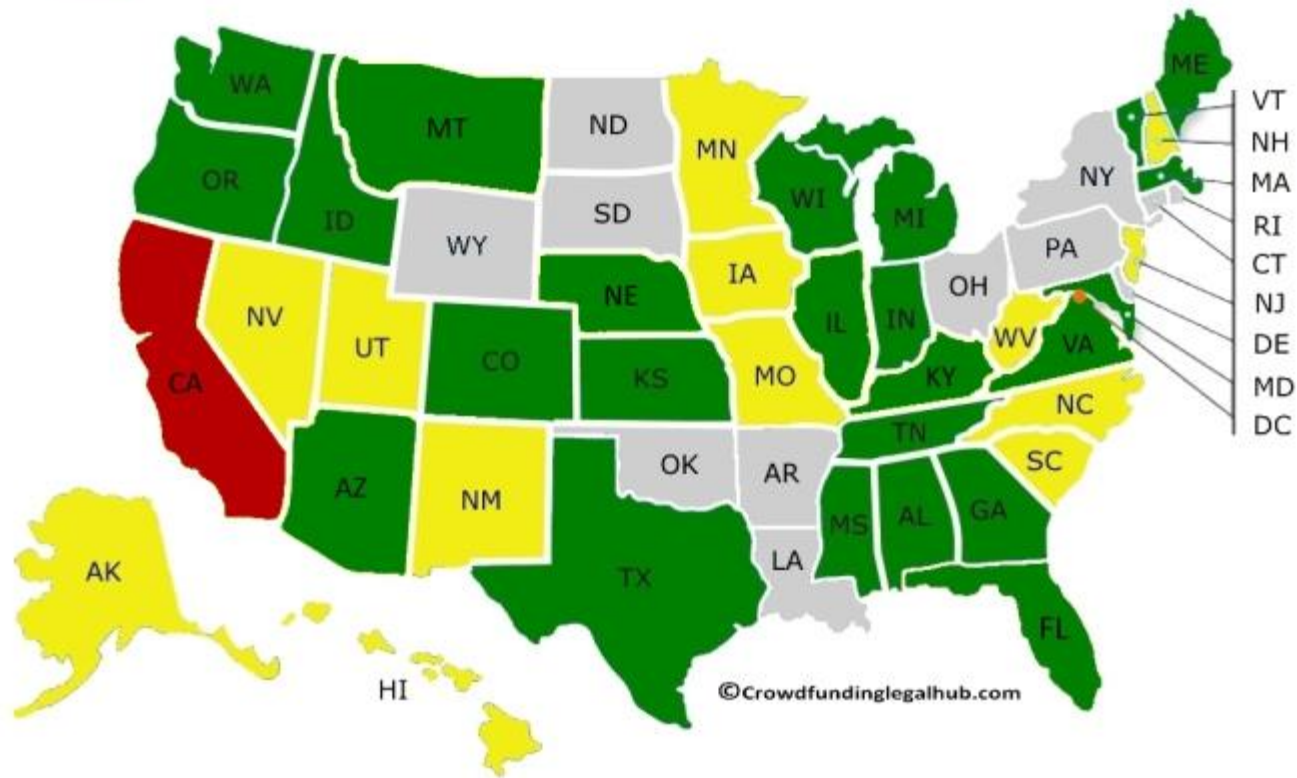
- General Solicitation (506(c))
- Equity Crowdfunding
- Regulation A+



State Equity Crowdfunding Exemptions

INTRASTATE CROWDFUNDING EXEMPTIONS (as of May, 2015)

- - Exemption Enacted
- - Exemption In Progress
- - Exemption Rejected



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Structuring a Private Offering

- What percentage of ownership to sell?
- Difference between voting and financial rights
- Preferred distributions
- “Sunset” provisions – call rights, put rights, etc.





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