



The Good, The Bad & The Ugly of  
the New General Solicitation and  
Crowdfunding Rules and How they  
Affect Fundraising Efforts of  
Outdoor Companies

Presented By: Michael C. Phillips  
Davis Wright Tremain

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**OUTSIDE  
COUNSEL**



Davis Wright  
Tremain LLP

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- Welcome and Introductions
    - Michael Phillips – Davis Wright Tremaine
    - Thea Chase – Telluride Venture Accelerator
    - Benjamin Lee – CircleUp

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# Administrative Announcements



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- Telluride Venture Accelerator
  - Began in 2013
  - Targeted verticals include outdoor recreation
  - What we do
  - How we do it

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- CircleUp
  - Premier platform connecting investors with early-stage consumer and retail companies
  - Since launch in April 2012, have helped 30 companies raise over \$30 million in funding
  - Typically work with companies with \$1-10 million in revenue raising \$500,000-\$5 million
  - Partnerships with large CPGs, including General Mills and Procter & Gamble

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- Goals for the Session
    - How each of Telluride and CircleUp deal with the requirements regarding general solicitation
    - How each view the prospects of crowdfunding when it becomes effective

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- **Overview of Crowdfunding**
    - What it is and what it is to – differentiate crowd sourcing (no equity issued) and crowdfunding (equity issued)
    - Established in JOBS Act
    - Entirely dependent on SEC rules, which have been proposed and total approximately 500 pages

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- What impact expected once crowdfunding rules become final
    - Telluride
    - CircleUp



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- General Solicitation
    - Existing Standard [506(b)]– prohibited
      - pre-existing relationship required
      - Self certification allowed/done
    - New Standard [506(c)] – allowed but self certification not allowed
    - Impact from proposed changes to Form D may fall harder on 506(c) deals

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- 506(b) [No general solicitation] – How affect fundraising/How comply?
  - Demo Days, internet offerings
    - Telluride
    - CircleUp

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- 506(c) – General solicitation allowed  
How affect fundraising/How comply?
    - Demo Days, internet offerings
      - Telluride
      - CircleUp

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- **Davis Wright Tremaine, LLP**

**Michael Phillips** represents domestic and international clients in securities, mergers and acquisitions, general corporate, corporate governance, distribution and supply chain and business law in the outdoor apparel/footwear/equipment/recreation, life sciences and high tech industries. Michael serves as the outside general counsel for The Conservation Alliance and 1% For The Planet

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- **Telluride Venture Accelerator (TVA)**  
**Thea Chase** is the Director of the Telluride Venture Accelerator (TVA) in Telluride, CO. TVA is the first accelerator focused on outdoor recreation, tourism, natural products, health, energy, water, and education. Thea has twenty years diverse experience in the field of entrepreneurship and economic development.

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- **CircleUp**

**Ben Lee** is the Director of Business Development at CircleUp, where he works with a variety of high-growth consumer brands to help them raise equity from a network of accredited individual investors. He was previously an investor at JH Partners, a consumer-focused private equity firm.

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