

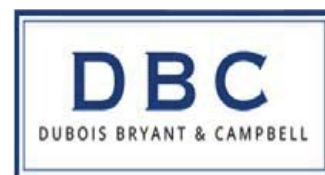


Investments in LLCs and LPs: A Practical Discussion of Securities Compliance Issues

LLCs, LPs and Partnerships Conference – July 2018

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Ms. Smith focuses her practice on corporate, transactional and securities matters in the technology, hospitality, retail, and energy sectors. She represents both small and large companies, start-ups and high net worth individuals in a variety of matters with an emphasis on M&A, private equity investments, private issuances of debt and equity securities, and commercial transactions. Additionally, Ms. Smith assists her clients with general company counseling, entity formation, equity compensation plans and employment agreements.



Overview

- Securities Laws Overview
- Certain Types of Debt and Equity Securities
- Common Issuer Private Offering Exemptions
- Determining Investor Status
- Investment Considerations



SECURITIES LAWS OVERVIEW

Securities Laws

Enforced and Regulated by the U.S. Securities and Exchange Commission ("SEC")

- Securities Act of 1933 ("**Securities Act**") (15 U.S.C. §77a, et seq.)
 - Covers the offer and sale of securities
- Securities Exchange Act of 1934 ("**Exchange Act**") (15 U.S.C. §78a, et seq.)
 - Covers the secondary trading of securities
- Investment Company Act of 1940 ("**ICA**") (15 U.S.C. §80a-1, et seq.)
 - Covers offerings and maintaining pooled investment funds
- Investment Advisers Act of 1940 (the "**Advisers Act**") (15 U.S.C. §80b-1, et seq.)
 - Covers investment advisers with assets of \$25M or more under management

Enforced and Regulated by the Texas State Securities Board ("TSSB")

- Texas Securities Act (Tex. Rev. Civ. Stat. Art. 581-1, et seq.)
 - Covers offers and sales of securities, the registration of securities dealers and investment advisers, and the inspection of registered firms in Texas

Definition of a "Security"

§ 2(a)(1) of the Securities Act:

- The term "security" means any note, stock, treasury stock, security future, security-based swap, **bond, debenture, evidence of indebtedness**, certificate of interest or **participation in any profit-sharing agreement**, collateral-trust certificate, preorganization certificate or subscription, transferable share, **investment contract**, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, **option**, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, **any interest or instrument commonly known as a "security"**, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

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