

STATE OF CALIFORNIA – DEPARTMENT OF BUSINESS OVERSIGHT
LIMITED OFFERING EXEMPTION NOTICE PACKET
CORPORATIONS CODE SECTION 25102(n)

DBO-25102(n) Packet (Rev. 08-20)



This booklet provides information and forms to assist in the preparation and filing of a Notice of Transaction Pursuant to Corporations Code Section 25102(n). Applicable statutes have been excerpted from the California Corporations Code and Title 10, Chapter 3, California Code of Regulations to assist in this process. Please review all material prior to completing the Notice. Please remove the Notice and Consent to Service of Process forms which are provided in this packet. The Department requires only one copy; the other is for your records.

DO NOT RETURN THIS ENTIRE PACKET; INFORMATION MATERIALS SHOULD BE RETAINED FOR YOUR FUTURE REFERENCE.

Please note that the Department does not supply a receipt for submitted filing fees nor any other form of acknowledgement to confirm receipt of your filing. Your canceled check will serve as your receipt for payment of fees. If you wish an endorsed copy of the filed Notice to be returned to you, you must include an additional copy of the form at the time of filing, a letter requesting return of an endorsed copy and an addressed envelope.

Your Notice may be filed at any of our office locations. If you have questions or need assistance, you may contact a member of our staff by telephoning the office nearest to your location.

2101 Arena Boulevard
Sacramento, CA. 95834
(866) 275-2677

320 West 4th Street, Suite 750
Los Angeles, CA. 90013-2344
(866) 275-2677

1350 Front Street, #2034
San Diego, CA. 92101-3697
(866) 275-2677

One Sansome Street, Suite 600
San Francisco, CA 94102-4428
(866) 275-2677

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CALIFORNIA CORPORATIONS CODE

Section 25102. Transactions exempt from provisions of Section 25110.

Section 25102(n) states that:

Any offer or sale of any security in a transaction, other than an offer or sale of a security in a rollup transaction that meets all of the following criteria:

(1) The issuer is (A) a California corporation or foreign corporation that, at the time of the filing of the notice required under this subdivision, is subject to Section 2115, or (B) any other form of business entity, including without limitation a partnership or trust organized under the laws of this state. The exemption provided by this subdivision is not available to a "blind pool" issuer, as that term is defined by the commissioner, or to an investment company subject to the Investment Company Act of 1940.

(2) Sales of securities are made only to qualified purchasers or other persons the issuer reasonably believes, after reasonable inquiry, to be qualified purchasers. A corporation, partnership, or other organization specifically formed for the purpose of acquiring the securities offered by the issuer in reliance upon this exemption may be a qualified purchaser if each of the equity owners of the corporation, partnership, or other organization is a qualified purchaser. Qualified purchasers include the following:

(A) A person designated in Section 260.102.13 of Title 10 of the California Code of Regulations.

(B) A person designated in subdivision (i) or any rule of the commissioner adopted thereunder.

(C) A pension or profit-sharing trust of the issuer, a self-employed individual retirement plan, or an individual retirement account, if the investment decisions made on behalf of the trust, plan, or account are made solely by persons who are qualified purchasers.

(D) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, each with total assets in excess of five million dollars (\$5,000,000) according to its most recent audited financial statements.

(E) With respect to the offer and sale of one class of voting common stock of an issuer or of preferred stock of an issuer entitling the holder thereof to at least the same voting rights as the issuer's one class of voting common stock, provided that the issuer has only one-class voting common stock outstanding upon consummation of the offer and sale, a natural person who, either individually or jointly with the person's spouse, (i) has a minimum net worth of two hundred fifty thousand dollars (\$250,000) and had, during the immediately preceding tax year, gross income in excess of one hundred thousand dollars (\$100,000) and reasonably expects gross income in excess of one hundred thousand dollars (\$100,000) during the current tax year or (ii) has a minimum net worth of five hundred thousand dollars (\$500,000). "Net worth" shall be determined exclusive of home, home furnishings, and automobiles. Other assets included in the computation of net worth may be valued at fair market value.

Each natural person specified above, by reason of his or her business or financial experience, or the business or financial experience of his or her professional adviser, who is unaffiliated with and who is not compensated, directly or indirectly, by the issuer or any affiliate or selling agent of the issuer, can be reasonably assumed to have the capacity to protect his or her interests in connection with the transaction. The amount of the investment of each natural person shall not exceed 10 percent of the net worth, as determined by this subparagraph, of that natural person.

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(F) Any other purchaser designated as qualified by rule of the commissioner.

(3) Each purchaser represents that the purchaser is purchasing for the purchaser's own account (or trust account, if the purchaser is a trustee) and not with a view to or for sale in connection with a distribution of the security.

(4) Each natural person purchaser, including a corporation, partnership, or other organization specifically formed by natural persons for the purpose of acquiring the securities offered by the issuer, receives, at least five business days before securities are sold to, or a commitment to purchase is accepted from, the purchaser, a written offering disclosure statement that shall meet the disclosure requirements of Regulation D (17 C.F.R. 230.501 et seq.), and any other information as may be prescribed by rule of the commissioner provided that the issuer shall not be obligated pursuant to this paragraph to provide this disclosure statement to a natural person qualified under Section 260.102.13 of Title 10 of the California Code of Regulations. The offer or sale of securities pursuant to a disclosure statement required by this paragraph in violation of Section 25401, or that fails to meet the disclosure requirements of Regulation D (17 C.F.R. 230.501 et seq.), shall not render unavailable to the issuer the claim of an exemption from Section 25110 afforded by this subdivision. This paragraph does not impose, directly or indirectly, any additional disclosure obligation with respect to any other exemption from qualification available under any other provision of this section.

(5) (A) A general announcement of proposed offering may be published by written document only, provided that the general announcement of proposed offering sets forth the following required information:

(i) The name of the issuer of the securities.

(ii) The full title of the security to be issued.

(iii) The anticipated suitability standards for prospective purchasers.

(iv) A statement that (I) no money or other consideration is being solicited or will be accepted, (II) an indication of interest made by a prospective purchaser involves no obligation or commitment of any kind, and, if the issuer is required by paragraph (4) to deliver a disclosure statement to prospective purchasers, (III) no sales will be made or commitment to purchase accepted until five business days after delivery of a disclosure statement and subscription information to the prospective purchaser in accordance with the requirements of this subdivision.

(v) Any other information required by rule of the commissioner.

(vi) The following legend: "For more complete information about (Name of Issuer) and (Full Title of Security), send for additional information from (Name and Address) by sending this coupon or calling (Telephone Number)."

(B) The general announcement of proposed offering referred to in subparagraph (A) may also set forth the following information:

(i) A brief description of the business of the issuer.

(ii) The geographic location of the issuer and its business.

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(iii) The price of the security to be issued, or, if the price is not known, the method of its determination or the probable price range as specified by the issuer, and the aggregate offering price.

(C) The general announcement of proposed offering shall contain only the information that is set forth in this paragraph.

(D) Dissemination of the general announcement of proposed offering to persons who are not qualified purchasers, without more, shall not disqualify the issuer from claiming the exemption under this subdivision.

(6) No telephone solicitation shall be permitted until the issuer has determined that the prospective purchaser to be solicited is a qualified purchaser.

(7) The issuer files a notice of transaction under this subdivision both (A) concurrent with the publication of a general announcement of proposed offering or at the time of the initial offer of the securities, whichever occurs first, accompanied by a filing fee, and (B) within 10 business days following the close or abandonment of the offering, but in no case more than 210 days from the date of filing the first notice. The first notice of transaction under subparagraph (A) shall contain an undertaking, in a form acceptable to the commissioner, to deliver any disclosure statement required by paragraph (4) to be delivered to prospective purchasers, and any supplement thereto, to the commissioner within 10 days of the commissioner's request for the information. The exemption from qualification afforded by this subdivision is unavailable if an issuer fails to file the first notice required under subparagraph (A) or to pay the filing fee. The commissioner has the authority to assess an administrative penalty of up to one thousand dollars (\$1,000) against an issuer that fails to deliver the disclosure statement required to be delivered to the commissioner upon the commissioner's request within the time period set forth above. Neither the filing of the disclosure statement nor the failure by the commissioner to comment thereon precludes the commissioner from taking any action deemed necessary or appropriate under this division with respect to the offer and sale of the securities.

Section 25608. Fees; charge and collection; disposition

Section 25608(x) states that: The fee for filing the first notice of transaction under subdivision (n) of Section 25102 is six hundred dollars (\$600).

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8. Filing of Disclosure Statements. Check one:

Copies of the disclosure statements and subscription agreements are attached; or
Copies of the disclosure statements and subscription agreements will be filed with the
Commissioner within 10 days of filing this notice. Failure to comply with this request may
result in an administrative penalty of up to \$1,000.

9. General Announcement of the Offering. Check one:

A general announcement of the offering was not made and will not be made.
A copy of the general announcement of the offering is enclosed with this notice.

Date of Publication: _____

Method of Publication (e.g., newspaper, other publications, Internet):

10. Undertaking: The issuer undertakes to deliver the disclosure statement required by paragraph (4) of Corporations Code Section 25102(n) to be delivered to specified qualified purchasers, and any supplement thereto, to the Commissioner within 10 days of the Commissioner's request for the information.

11. Date of First Notice: _____

Issuer

Check if issuer already has a consent to
service of process on file with the Commissioner.

Authorized Signature on behalf of Issuer

Print name and title of signatory

Name, Address, and Phone number of contact person:

Instruction: Each issuer (other than a California Corporation) filing a notice under Section 25102(n) must also file a Consent to Service of Process (Form 260.165), unless it already has a valid consent to service on file with the Commissioner.

