

# Iowa Lakes Corridor Angels

Iowa Lakes Corridor Angels is a group of Corridor-based angel investors dedicated to providing outstanding financial returns to angel investors while assisting early-stage companies by being an excellent source of funding and advice. We accomplish our objectives by enabling our members to view and exchange information about investment opportunities. Our members collaborate on due diligence but make individual investment decisions.

Iowa Lakes Corridor Angels is looking for members from a broad base of industry and functional experiences who share our vision and will actively contribute to our process.

We ask each member to self-declare if they are, or are not, an accredited investor as defined under securities laws. Please refer to information shared by the U.S. Securities and Exchange Commission at <http://www.sec.gov/answers/accred.htm> regarding accredited investor requirements. Also, please review our Governing Guidelines described below.

## Why Join?

Of course it's primarily to make money, but for many of us it's also a way to give back to the community, to help build successful companies and to participate in the satisfaction that comes from this involvement. Members will benefit from:

- Greater access to quality investment opportunities (deal flow) both locally and through affiliation with other regional angel groups.
- Cost and time efficiencies gained through deal screening, group presentations, shared due-diligence and cooperative term negotiation processes.
- Networking and the ability to co-invest with other local investors with complimentary entrepreneurial and industry expertise.
- Opportunity to learn and grow your personal investment abilities both informally from other members and through educational programming sponsored by Iowa Lakes Corridor Angels.

## How Do I Participate?

You can participate in Iowa Lakes Corridor Angels one of two ways:

1. Attend meetings
  - a. View pitches by entrepreneurs seeking investments
  - b. Learn formally & informally from other angel investors
2. Receive and review investment opportunities via email that match with your stated investment objectives; for deals you are interested in learning more about you can:
  - a. Be connected directly with the entrepreneurs offering the deal
  - b. Identify yourself as an individual interested in the deal and be connected to other Iowa Lakes Corridor Angels who are also interested in the deal

## How Do I Join?

Complete the two page Membership Application form and forward to [BDalziel@LakesCorridor.com](mailto:BDalziel@LakesCorridor.com) or mail to Iowa Lakes Corridor Angels at the address below. There is no participation fee.

Brian Dalziel, Network Manager  
Iowa Lakes Corridor Angels  
520 2<sup>nd</sup> Ave. East, Suite 2  
Spencer, Iowa 51301

# Iowa Lakes Corridor Angels

## Governing Guidelines and Principles

Iowa Lakes Corridor Angels, a group of angel investors established in 2015 by Iowa Lakes Corridor Development Corporation with the purpose of investing in early-stage companies.

Under the Securities Act of 1933, any offer to sell securities in the United States must either be registered with the U.S. Securities and Exchange Commission (SEC) or meet an exemption. Regulation D (or Reg D) contains three rules providing exemptions from the registration requirements, allowing some companies to offer and sell their securities without having to register the securities with the SEC.

Entrepreneurs may offer securities for sale to investors prior to filing a public registration statement with the U. S. Securities and Exchange Commission (SEC) by one of three exemptions:

- Private Placement offering via Reg D Rule 504
- Private Placement offering via Reg D Rule 506
- General Solicitation via Reg D Rule 506(c)

Entrepreneurs and investors may have previously utilized Reg D Rule 505. On October 26, 2016, the SEC repealed Rule 505. It previously provided an exemption for offers and sales of securities totaling up to \$5 million in any 12-month period. Under this exemption, securities could be sold to an unlimited number of "accredited investors" and up to 35 "unaccredited investors".

The Rule 505 exemption was phased out and its provisions integrated into the Rule 504 exemption. Rule 504's capital limit increased from \$1 million to \$5 million and Rule 505's "Bad Actor" provision was added to Rule 504.

An entrepreneur selects which exemption it will utilize in offering its securities. Iowa Lakes Corridor Angels has established different information sharing processes intended to enable entrepreneurs to comply with the information sharing requirements for its selected exemption. A brief summary on the use of each exemption is provided below, with links to additional details.

### **Private Placement offering via Reg D Rule 504**

Rule 504 of Regulation D provides an exemption from the registration requirements of the federal securities laws for some companies when they offer and sell up to \$5,000,000 of their securities in any 12-month period.

Companies that comply with the requirements of Rule 504 do not have to register their offering of securities with the SEC, but they must file what is known as a "Form D" electronically with the SEC after they first sell their securities. Form D is a brief notice that includes the names and addresses of the company's promoters, executive officers and directors, and some details about the offering, but contains little other information about the company.

Sales of securities may be to accredited and non-accredited investors.

The exemption generally does not allow companies to solicit or advertise their securities to the public, and purchasers receive "restricted" securities, meaning that they may not sell the securities without registration or an applicable exemption.

For more details on Rule 504, visit <http://www.sec.gov/answers/rule504.htm>.

## Private Placement offering via Reg D Rule 506

Rule 506(b) of Regulation D is considered a "safe harbor" for the private offering exemption of Section 4(2) of the Securities Act. Companies using the Rule 506 exemption can raise an unlimited amount of money. A company can be assured it is within the Section 4(2) exemption by satisfying the following standards:

- The company cannot use general solicitation or advertising to market the securities;
- The company may sell its securities to an unlimited number of "accredited investors" and up to 35 other purchases. All non-accredited investors, either alone or with a purchaser representative, must be sophisticated—that is, they must have sufficient knowledge and experience in financial and business matters to make them capable of evaluating the merits and risks of the prospective investment;
- Companies must decide what information to give to accredited investors, so long as it does not violate the antifraud prohibitions of the federal securities laws. Companies must give non-accredited investors disclosure documents that are generally the same as those used in Regulation A or registered offerings, including financial statements, which in some cases may need to be certified or audited by an accountant. If a company provides information to accredited investors, it must make this information available to non-accredited investors as well;
- The company must be available to answer questions by prospective purchasers;
- Purchasers receive "restricted" securities, meaning that the securities cannot be sold for at least a year without registering them; and
- Companies that comply with the requirements of Rule 506(b) do not have to register their offering of securities with the SEC, but they must file what is known as a "Form D" electronically with the SEC after they first sell their securities.

For more details on Rule 506, visit <http://www.sec.gov/answers/rule506.htm>

## General Solicitation via Reg D Rule 506(c)

Rule 506(c) of Reg D, effective on September 23, 2013, ends the 80-year ban on general solicitation of private offerings, and represents a significant change in securities law.

Rule 506(c) requires that a startup company or other issuer seeking to raise capital using general solicitation take reasonable steps to verify that all purchasers of its securities are accredited investors. Rule 506(c) employs a principles-based methodology, which relies on factors including the nature of the purchaser, the type of accredited investor the purchaser claims to be, and the amount and type of information that the company has about the purchaser.

General solicitation offerings will be shared only with members of Iowa Lakes Corridor Angels who have self-declared to be accredited investors. The offering company must take reasonable steps to verify that the investors are accredited investors, which could include reviewing documentation, such as W-2s, tax returns, bank and brokerage statements, credit reports and the like.

Companies that comply with the requirements of Rule 506(c) do not have to register their offering of securities with the SEC, but they must file what is known as a "Form D" electronically with the SEC after they first sell their securities.

## State Securities Laws

State securities laws vary from state to state. You can get the address and telephone number for one (or more) state securities regulator(s) by calling the North American Securities Administrators Association at (202) 737-0900 or by visiting its [website](#).

## Membership in Iowa Lakes Corridor Angels

- Iowa Lakes Corridor Angels shall remain as a private organization of accredited and non-accredited investors organized for the purpose of investing in early-stage companies.
- Membership in Iowa Lakes Corridor Angels shall be: (1) by personal invitation; or (2) by a referral from a current member of Iowa Lakes Corridor Angels who has a pre-existing relationship with the applicant and is familiar with the professional and financial status of the applicant.
- Each applicant to Iowa Lakes Corridor Angels must complete a questionnaire which includes a listing of their professional and sector experience.
- Each applicant must certify, at least on an annual basis, whether or not he or she is an accredited investor.
- Each member of Iowa Lakes Corridor Angels acknowledges that they are investing their own funds, and at their own discretion. Iowa Lakes Corridor Angels makes no recommendation in regard to any individual member's investment in any offering under consideration.
- Neither Iowa Lakes Corridor Angels, nor any of its members receives any transaction-based compensation in connection with any of the offerings considered by Iowa Lakes Corridor Angels.
- Iowa Lakes Corridor Angels is considering membership in the Angel Capital Association (the "ACA") and has established investment processes which are consistent with those recommended by the ACA for member groups.
- Iowa Lakes Corridor Angels' members have agreed to adhere to a code of conduct set forth by the ACA.

Disclaimer: Iowa Lakes Corridor Angels makes no assurance as to the accreditation of each of the individual members of Iowa Lakes Corridor Angels. It is the responsibility of each company to perform their own due diligence as to the accreditation status of the individual members from whom they wish to solicit an investment.

Iowa Lakes Corridor Development Corporation provides staffing to support the administration of Iowa Lakes Corridor Angels; the Corporation's role is to facilitate discussions and deal flow. The Corporation does not invest in any deals nor does it endorse any specific deal.

## Contacting Iowa Lakes Corridor Angels

Brian Dalziel, Network Manager  
520 2<sup>nd</sup> Ave. East, Suite 2  
Spencer, Iowa 51301

Office: 712-264-3474

Mobile: 319-270-3235

[BDalziel@LakesCorridor.com](mailto:BDalziel@LakesCorridor.com)

[www.LakesCorridor.com](http://www.LakesCorridor.com)

# Iowa Lakes Corridor Angels Membership Application

*Please include a brief professional biography with this application.*

Name: \_\_\_\_\_

Email address: \_\_\_\_\_

Home address: \_\_\_\_\_

\_\_\_\_\_

Work address: \_\_\_\_\_

\_\_\_\_\_

Phone (please check and provide each phone number we may contact you at):

Mobile \_\_\_\_\_

Home \_\_\_\_\_

Work \_\_\_\_\_

Invests as: \_\_\_\_\_

LinkedIn profile URL: \_\_\_\_\_

Website/Blog: \_\_\_\_\_

Referred by: \_\_\_\_\_

How much money do you typically invest per year? \_\_\_\_\_

How many deals have you been a part of? \_\_\_\_\_

Are you involved with any other angel/investment groups? Please indicate which groups and briefly describe your involvement.

\_\_\_\_\_

\_\_\_\_\_

Interests:

**Check all that apply**

Deal Sourcing

Screening Deals

Business Mentor

Leading Deals

Represent at Events

Serve as Board Member

Social Activities

Other (Explain)

## Investment Interests

Share your investment interests. These selections will be used to filter deals we share with you.

### Geographic Area (check all that apply – you will only be notified of deals located in selected areas):

- |   |  |
|---|--|
| <input type="checkbox"/> Buena Vista County | <input type="checkbox"/> State of Iowa |
| <input type="checkbox"/> Clay County        | <input type="checkbox"/> Midwest       |
| <input type="checkbox"/> Dickinson County   | <input type="checkbox"/> United States |
| <input type="checkbox"/> Emmet County       | <input type="checkbox"/> International |

### Industry Sector (check all that apply – you will only be notified of deals within selected sectors):

- |   |  |
|---|--|
| <input type="checkbox"/> Agriculture            | <input type="checkbox"/> Retail            |
| <input type="checkbox"/> Energy                 | <input type="checkbox"/> Services          |
| <input type="checkbox"/> Information Technology | <input type="checkbox"/> Transportation    |
| <input type="checkbox"/> Manufacturing          | <input type="checkbox"/> Other / All Deals |

**Industry Expertise** Which industries do you have experience in?

**What current and previous positions have you held?** Ex. CEO, Board Member, Engineer...

**How much do you expect to invest each year?** \_\_\_\_\_

**Are you a service provider?** Ex. Legal Services, Accounting... (if yes, explain)  Yes  No

Have you been or are you currently the subject of, a defendant in, or respondent in any investigation, civil litigation, arbitration, or other action or proceeding in which your professional conduct, in either a direct or supervisory capacity, was at issue?  Yes  No

Have you been or are you currently the subject of a written complaint regarding your professional conduct in either a direct or supervisory capacity? Have you been or are you currently permanently or temporarily prevented from: (i) acting as a person required under any law or regulation (i.e., investment advisor, broker, dealer, etc.); (ii) acting as an affiliated person or employee of any entity required to be registered under any law or regulation (i.e., investment company, bank, etc.); or (iii) trading on any securities or contract market?  Yes  No

Have you been or are you currently found to have aided, abetted, counseled, commanded, induced, or procured the violation by any person or entity of any securities or commodities-regulated law or regulation or any rule promulgated there under?  Yes  No

Have you been or are you currently convicted of (i) any felony or other crime punishable by more than one year in prison, or (ii) a misdemeanor involving moral turpitude (lying, cheating, stealing, or other dishonest conduct) or any substantially equivalent crime in any court of law?  Yes  No

Please identify your status as an accredited investor, as according to the definition of "Accredited Investor" defined in Rule 501(a) of Regulation D under Rule 144 of the Securities Act.

*If you are not an accredited investor, you will not receive deals offered only to accredited investors.*

- I am an accredited investor  
 I am not an accredited investor

I affirm with my signature that the information I have provided is accurate to the best of my knowledge:

Member Signature: \_\_\_\_\_ Date: \_\_\_\_\_