Are you still paying outrageous fees for Private Placement Memorandums?

JACKSONVILLE, FLORIDA, UNITED STATES, May 31, 2019 /EINPresswire.com/ -- The Evolution of the Private Placement Memorandums!

For investors and readers who are not familiar with the term, let me tell you about this antiquated, and costly legal document called a PPM (Private Placement Memorandum). A PPM is generally a long, and therefore expensive, legal document that attorneys love to make money from. These documents easily measure a half an inch thick or more when printed and is given to prospective investors (as if they will actually read all of it). The PPM does, in small part describe an investment deal, but for the most part, explains and lays out all the risks involved with investment.

PPMs originated within the old days of paper prospectus' that were required of companies that were selling securities within the confines of a registered offering. Before the internet, companies would have to sell their credibility and prove their legal adherence through these sorts of costly but necessary forms and documents.

The only people who still seem to enjoy the size and scope of PPMs are attorneys, who typically charge ten to forty thousand dollars for a new PPM. Such a ridiculous business expense, especially when you consider it is no longer a "cost of doing business".

Today, in 2019, where the internet of things dominates the business landscape, that cost of doing business can go bye bye. When securities are sold only to accredited investors under Rule 506(b) or 506(c), the issuer is not required to provide the information described in Rule 506(b)2) – The belief is that accredited investors will ask the proper questions to safeguard their own assets.

Under the scope of Title II of the JOBS Act, issuers can only sell to accredited investors as described in Rule 506. Because of this statement of law, the issuer is free to decide what information should be provided and in what form that info is delivered.

The law clearly states that a PPM is NOT NEEDED, but the lawyers, out to continue their golden goose pay days continue to push and sell a product that is no longer needed. PPMs offer no added protection for the issuer or the investor. They carry no tangible benefits when you think of the cost for these bulky, redundant and illegible documents that are full of legal jargon that the common man, or investor, can't understand. Instead of aiding the marketing of the investment deal, PPMs can in many instances cause friction and adversity between the parties involved. A PPM is not attractive or alluring and can easily turn people off to the deal an issuer is trying to sell.

Why even consider the PPM? They clearly are not needed based on the law presented in Rule 506.

There is a precedent for what we are saying here too. Ever since the opening of the "Information Superhighway", the internet, we have seen a steady decline in the use of PPMs and the rate is accelerating now that many organizations are realizing they can use a much simpler disclosure document.

Disruptions to industries are common place these days, and even the more conservative, set in their ways industries, such as real estate and finance are set for a reckoning. The abandonment of traditional, expensive and bulky PPMs is coming.

Full blown PPMs are no longer necessary, are too expensive, and nobody reads them. A smaller, more functional disclosure document is quickly becoming the industry norm. Today, you can digitize your PPM on your own self-branded landing page as part of its massive suite of hi-tech SEC compliant features offered through a companies licensing platform. You no longer have to wait weeks while legal counsel prepares a PPM template and charges you thousands of dollars.

Save that money in legal fees and use digital PPM's to attract more investors. Make these smart business decisions by going with a cutting edge, ahead of the curve platform that can be the difference between making and breaking a deal.

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