

# CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

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CompanyName

(a YourState Limited Liability Company)

## US\$3,000,000 Class 'A' Preferred Membership Units Representing 30% of the Membership Interest in CompanyName or 100 Units Each Unit consists of a .25% Membership Interest in CompanyName

This is a private offering of Preferred Membership Units of CompanyName, a YourState limited liability company (the "Company"). The Company is offering to a limited number of accredited investors Preferred Membership Units ("Units") in a private offering exempt from registration under federal securities laws upon the terms and conditions set forth in this memorandum ("Memorandum"). The minimum investment in the Units is \$30,000, although the Company may accept an investment of a lesser amount. The Company will use all of the proceeds of this offering to develop, manufacture, and distribute its consumer brand product CompanyName<sup>®</sup>. In certain contexts in this Memorandum, "CompanyName" also refers in general terms to the business of owning the consumer brand, product and other assets relating to the business as currently and historically operated under the CompanyName<sup>®</sup> name.

The Company's Preferred Membership Units in CompanyName will be entitled to periodic distributions based on a percentage of excess cash flow as determined by the Board of Managers. In the event of a qualified public offering by The Company's Preferred Membership Units will be exchanged for shares of the issuer's common stock. The Company's Preferred Membership Units will be evidenced by the issuance of membership Units in CompanyName, which are referred to as "the Company's Class 'A' Preferred Membership Interest Units" throughout this Memorandum.

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**AN INVESTMENT IN THE UNITS IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH ANY PURCHASE OF THE UNITS. THERE IS NO PUBLIC MARKET FOR ANY OF THE COMPANY'S SECURITIES AND NO SUCH MARKET IS EXPECTED TO DEVELOP FOLLOWING THE PLACEMENT OF THE UNITS. SIGNIFICANT RESTRICTIONS ON TRANSFER WILL APPLY. YOU SHOULD BE PREPARED TO BEAR THE ECONOMIC RISK OF YOUR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME AND BE ABLE TO WITHSTAND A TOTAL LOSS OF YOUR INVESTMENT.**

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**NEITHER THE UNITS NOR THE OFFERING OF THE UNITS HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR UNDER ANY STATE OR OTHER SECURITIES LAW, AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE OR OTHER REGULATORY AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM OR APPROVED OR ENDORSED THE TERMS OR MERITS OF THE UNITS OR THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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The Company will act as the placement agent in connection with the offering of the Units. Please direct all inquiries regarding the Company and the offering of the Units to:

CompanyName

Attn: ContactName

CompanyAddress, CityStateZip

tel CompanyPhone | email CompanyEmail

November 2015

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## NOTICE TO PROSPECTIVE INVESTORS

This Memorandum is being furnished solely for the purpose of enabling prospective investors to determine whether they wish to proceed with further investigation of the Company and making an investment in the Units. This Memorandum is not intended to form the basis of any investment decision and does not attempt to present all the information that prospective investors may require for purposes of making an investment decision. The Company anticipates providing prospective investors with the opportunity to ask questions, receive answers, obtain additional information and complete their own due diligence review concerning the Company and the offering of the Units prior to entering into any agreement to purchase Units.

By accepting delivery of this Memorandum, you agree to undertake and rely on your own independent investigation and analysis and consult with your own attorneys, accountants and other professional advisors regarding the Company and the merits and risks of an investment in the Units, including all related legal, investment, tax and other matters.

All information included in this Memorandum and otherwise furnished in connection with this offering is submitted to you on a strictly and permanently confidential basis, except as indicated below or otherwise expressly agreed in writing by the Company. Any reproduction or further distribution of this Memorandum or any such information is prohibited. By accepting delivery of this Memorandum, you agree that neither you nor any of your employees, agents or advisors will use this Memorandum or any such information for any purpose other than evaluating the Company and the offering of the Units. Except as indicated below or otherwise expressly agreed by the Company, you also agree not to disclose to any person the fact that you have received this Memorandum or any such information or any terms, conditions or other information with respect to the Company. If you decide not to participate in this offering, or if the Company so requests, you agree to promptly return this Memorandum and all other materials received in connection therewith without retaining any copies thereof.

Neither the Company nor any of their respective affiliates shall have any liability for any information included in this Memorandum or otherwise made available in connection with this offering, except for liabilities expressly assumed by the Company in the definitive subscription agreement, the form of which is attached as *Exhibit B* to this Memorandum, and related documentation for each purchase of Units. Without limitation of the foregoing, the Company makes no representation or warranty as to the accuracy or completeness of any information included in this Memorandum or any other information, written or oral, or any document made available in connection with this offering.

Until the execution of definitive purchase documentation for the purchase of the Units, the Company reserves the right, in its sole discretion and for any reason, to modify or amend the terms of the Units, to approve or disapprove any prospective investor, to

accept or reject, in whole or in part, any subscription, to allot to any investor fewer Units than the number sought by such investor and to withdraw from any further discussions, negotiations or transactions. Neither the Company nor any of their respective affiliates will have any liability or obligation whatsoever to any prospective investor in the event of any of the foregoing.

This Memorandum speaks as of the date hereof. Neither the delivery of this Memorandum nor any eventual sale of the Units shall, under any circumstances, imply that the information contained herein is correct as of any future date or that there has been no change in the Company's affairs after the date hereof. Nothing contained herein is, or should be relied upon as, a promise or representation as to future performance. Neither the Company nor any of their affiliates undertake any obligation to update or revise the Memorandum.

This Memorandum is intended solely for the use of the prospective investor to whom this Memorandum is initially provided. This Memorandum does not constitute an offer to sell to or solicitation of an offer to purchase from any investor or in any jurisdiction in which such an offer or solicitation is not authorized or would be unlawful. Each investor must comply with all legal requirements in each jurisdiction in which it purchases, offers or sells the Units or possesses this Memorandum, and must obtain any consent, approval or permission required by it in connection with the Units or the offering. Neither the Company nor any of their respective affiliates make any representation or warranty regarding, or shall have any responsibility for, the legality of an investment in the Units under any securities or similar laws. Prospective investors are not to construe the contents of this Memorandum as investment, legal, business or tax advice of any kind.

This Memorandum may contain descriptions of the Units and certain other documents relevant to this offering that do not set forth all the information that is included in or may be derived from those documents. You should read the complete text of the documents carefully and in their entirety prior to making any investment decision. You may request copies of the documents from the Company.

Any financial projections and other statements of anticipated future performance that are included in this Memorandum or otherwise furnished in connection with the offering are for illustrative purposes only and are based on assumptions by the Company's management that are subject to significant risks and uncertainties and may prove to be incomplete or inaccurate. Actual results achieved may vary from the projections and the variations may be material. Variations in the assumptions underlying the projections may also significantly affect projected results. The projections contained in this Memorandum were not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants or generally accepted accounting principles and have not been examined, reviewed or compiled by the Company's independent certified accountants.

## OFFERING MEMORANDUM SUMMARY

### The Company

The Company has recently been formed for the purpose of conducting this offering and using the proceeds of this offering to acquire \$3 million of Company Preferred Membership Units. The Company does not expect to own any assets other than the Company Preferred Membership Units. Company will reimburse all legal, accounting, and directors' and officers' insurance costs and expenses reasonably incurred by the Company. Accordingly, the Company expects to distribute to holders of units all proceeds received on account of the Company Preferred Membership Units.

### Investment Highlights

**Significant Market Opportunity.** CompanyName believes that certain demographic trends will fuel substantial growth and demand for its services and products in the coming years. According to the United States Department of Health & Human Services, \_\_\_\_\_ is increasing at the rate of 25% per year. In addition, Real Demographics LLC cites sources that forecast an almost 50% increase in \_\_\_\_\_ over the next three years. Company believes that these trends provide it with a unique opportunity to transform Company from its current position as a market leader in the \_\_\_\_\_ industry to a leading \_\_\_\_\_ company that provides a comprehensive array of \_\_\_\_\_ services and products.

**Substantial Growth Opportunities.** Currently, Company derives most of its revenue from its \_\_\_\_\_ and its \_\_\_\_\_. Although it expects these businesses to continue to grow in the near term, Company believes that its Company \_\_\_\_\_ will be the primary growth driver of its business over the next five to ten years. Company believes that there is an untapped market for \_\_\_\_\_ based upon market research and the strong demand and premium prices that the Company \_\_\_\_\_ has commanded. Company believes that it can generate significant revenue from these \_\_\_\_\_ with limited use of its own capital. Once the Company \_\_\_\_\_ project is developed, Company expects to generate ongoing revenue by charging a management fee for managing the \_\_\_\_\_ and \_\_\_\_\_. Company plans to replicate its Company \_\_\_\_\_ business model in its general form to develop additional Company \_\_\_\_\_ in select major metropolitan areas. Company also believes that it can grow its Company products division. Currently, it has sold Company \_\_\_\_\_ products only at its Company properties. Company is exploring alternative distribution channels to distribute its products beyond the confines of its properties. Company believes these alternative channels could generate substantial additional revenue.

### Favorable Projected Credit Statistics.

The following table shows certain projected credit statistics based upon Company's current business plan and assuming that the transactions contemplated by this Memorandum have been completed:

Credit Statistic	Projected Year Ending December 31,					
	2011	2012	2015	2014	2015	2016
Projected EBITDA/Total Interest + Total Preferred Membership Distributions(1).....	1.9x	2.5x	4.0x	8.6x	8.1x	4.7x
Total Senior Debt + Total Preferred Membership Units/Projected EBITDA(2).....	7.4x	5.5x	3.4x	1.6x	1.7x	2.9x
Net Senior Debt + Total Preferred Membership Units/Projected EBITDA(3) .....	5.5x	3.9x	2.1x	0.6x	0.1x	NM

- 
- (1)
  - (2)
  - (3)

### Competitive Advantages

Company believes it has significant advantages over its competitors, including the following:

**Distinguished Brand.** Company believes the "Company" brand name is recognized worldwide and is synonymous with quality and superior service. The Company brand name ranks as one of the most highly recognized brands among affluent consumers according to a study by \_\_\_\_\_. Company is recognized as a leader in the \_\_\_\_\_ industries. Since its inception, Company has routinely won numerous national awards given by trade or consumer publications, such as

## SUMMARY OF THE UNIT OFFERING

The following summary provides an overview of the material terms and conditions of the Units and the Company's Class 'A' Preferred Membership Interest Units.

<b>The Company</b>	<p><a href="#">CompanyName</a>, a <a href="#">YourState</a> limited liability company, will use the US\$3,000,000 of proceeds from this offering to develop, manufacture and distribute the <a href="#">CompanyName</a> brand and equipment.</p>
<b>Securities Being Offered</b>	<p>100 Units of Class "A" Membership Interest in the Company representing 30% of the Company, referred to in this Memorandum as Units. Each Unit is priced at \$30,000 and consists of .25% Interest ownership in the Company.</p>
<b>Total Offering Price</b>	<p>US\$3,000,000. The minimum investment in the Units is \$30,000, although the Company may accept an investment of a lesser amount.</p>
<b>Investors</b>	<p>Accredited investors only (as defined under Regulation D promulgated under the Securities Act) approved by the Company.</p>
<b>Ownership</b>	<p>The founders of the Company (the "Founders"), will initially hold 35% and 35%, respectively, of the Class 'B' Membership Units in the Company. The Company's Class 'A' Preferred Membership Interest Units held by the Investors represent 30% of the Company.</p>
<b>Description on the Company Preferred Membership Shares</b>	<p>The Membership Interest Shares are divided into two classes, Class "A" Preferred Membership Interest Shares and Class "B" Membership Interest Shares. The rights and privileges of both classes are identical, except (1) the holders of the outstanding Class 'A' Preferred Membership Interest Units will receive a preferred pro-rata distribution equal to 90% until such time the total distribution equals the original subscription amount, after which the both Classes will share in distributions on a pro-rata basis.</p> <p>Class "B" Membership Interest Shares may be converted into Class "A" Membership Interest Shares at any time on the basis of one share of Class "A" Membership Interest Shares for each share of Class "B" Membership Interest Shares so converted.</p>
<b>Qualified Public Offering</b>	<p>All the Company Class 'A' Preferred Interest Membership Units and the Class 'B' Interest Membership Shares will be exchanged for shares of the common stock of a successor issuer to the Company</p>
<b>Management of the Company</b>	<p>The Company's Board of Managers will initially be comprised of the two Founders. Upon consummation of this offering, at least one member to be designated by such unit holders. Members of the Company's Board of Managers will serve until death, resignation or until investors representing at least 70% of the Units request in writing that a meeting be held to elect new members of the Board of Managers. Replacement members of the Board of Managers will be elected by a vote of unit holders, with each unit entitled to one vote.</p> <p>The Company will be controlled by a Board of Managers on which the Founders will initially have equal representation. The day-to-day operations will initially be controlled by the Founders that will serve as managing members of the Company.</p>
<b>Transfers</b>	<p>From and after such time as both of the Founders cease to be members of the Board of Managers, the Members will be entitled to appoint two representatives to the three member Board of Managers, an entity controlled by the Founders or their affiliates will be entitled to appoint one member and</p>

**EXHIBIT B - SUBSCRIPTION AGREEMENT FORM**

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CompanyName

(a YourState Limited Liability Company)

## Subscription Documents For Preferred Units of Membership Interest shares in CompanyName

These subscription documents do not constitute an offer to sell or a solicitation of an offer to buy any security. The subscription documents may only be used in conjunction with, and such offers and solicitations may only be made by means of CompanyName's Private Offering Memorandum dated November 1, 2015. CompanyName, a YourState Limited Liability Company (the "Company" or "CompanyName"), is offering securities in the form of Preferred Units of Membership Interest Shares consisting of one quarter (1/4) of one membership interest shares in CompanyName:

[ ] 100 Units of Class "A" Preferred Membership Interest Share with each Unit consisting of one quarter percent (.25%) equity ownership in the CompanyName, a YourState Limited Liability Company. The total offering represents 30% equity of the Company priced at \$30,000.00 per Unit for a maximum of \$3,000,000.

The securities of the Company ("Interest") referred to herein have not been registered under the United States Securities Act of 1933, as amended (the "Act"), the YourState Uniform Securities Act or the securities laws of any other State. These Units of Membership Interest Shares may be acquired for investment purposes only and not with a view to distribution or resale, and may not be sold, mortgaged, pledged, hypothecated or otherwise transferred without an effective registration statement for such Units under the Act, unless exempt under the Act and applicable State securities laws.

CompanyName requires an opinion of counsel, satisfactory to counsel for the Company that any such transfer shall not violate any federal or State securities laws.

MANAGER-MANAGED OPERATING AGREEMENT  
OF  
**COMPANYNAME**

A Limited Liability Company Organized and Formed  
Under the Laws of the State of **YourState**

OPERATING AGREEMENT, made this 29th day of July 2014, by and between each person of the persons or entities named in Exhibit A hereto hereinafter called the "Members" and **ManagerName** hereinafter called "Manager".

WHEREAS, the Members desire to enter into business together, and

WHEREAS, the Members desire to invest in the business and limit their liabilities, and

WHEREAS, the Members are desirous of the Company being formed, operated and taxed as a partnership-like entity under the Internal Revenue Code and applicable state and local laws,

IT IS HEREBY AGREED, by the undersigned parties as follows:

**ARTICLE 1**  
**THE COMPANY**

1.1 Formation. The Members hereby form and organize a limited liability company upon the terms and conditions provided in this Agreement, subject to the provisions of the Limited Liability Company Act of 1993 (the "Act") of the State of **YourState**. The name of the limited liability company shall be **COMPANYNAME** (the "Company"). All letterhead, checks, drafts, stationary, business cards, contracts, promissory notes, deeds, titles, bills of sale or other documents bearing the Company name shall include a designation such as "LLC" or such other designation required by state law that indicates to the public at large the limited liability status of the Company. The Company name may be changed by written consent of a majority of the Members and shall not be effective until the applicable provisions of the Limited Liability Act of the state of organization have been complied with.

1.2 Articles of Organization. The Manager shall cause articles of organization that comply with the requirements of the Act to be properly filed with the State of **YourState**. In the future, the Manager shall execute such further documents and take such further action as shall be appropriate or necessary to comply with the requirements of law for the formation and operation of a limited liability company in all states and counties where the Company elects to carry on its business.

1.3 Business. The purpose for which the Company is organized is to **Business description**; the Company may sell or otherwise dispose of all or substantially all of its assets and any such sale or disposition shall be considered to be within the scope of the Company's business.

1.4 Registered Agent and Business Office. The Company's registered/resident agent and his address shall be **Name, Address, City, STATEZIP** in the County of Orange.

The Company's main business shall be conducted at the above address, and/or at such other place as the Members, in their discretion, may determine, including the office of any of the Managers, if applicable.

1.5 Additional Members. Additional Members shall not be admitted to the Company without the prior written consent of all of the Members and the Manager and as set forth in Article 10 herein.

## **ARTICLE 2**

### **DEFINITIONS**

2.1 Cash Flow. "Cash Flow" shall mean the excess of all cash receipts of the Company over all cash disbursements of the Company.

2.2 Code. "Code" shall mean the Internal Revenue Code of 1986, as amended, or any successor statute.

2.3 Treasury Regulations. "Treasury Regulations" shall mean regulations issued by the Department of Treasury under the Code. Any reference to a specific section or sections of the Treasury Regulations shall be deemed to include a reference to any corresponding provision of future regulations under the Code.

2.4 Manager. "Manager" shall mean the individual(s) or entity set forth in Article 8 herein, or any successor Manager. Reference to the "Manager" in the singular or as "it," "itself," "him," "her," or other like references shall also, where the context so requires, be deemed to include the plural or the masculine, feminine, or neuter gender, as the case may be.

2.5 Profit or Loss. "Profit" or "Loss" shall mean the profit or loss of the Company as determined under the capital accounting rules of Treasury Regulation § 1.704-1(b)(2)(iv) for purposes of adjusting the capital accounts of the Members including, without limitation, the provisions of paragraphs (b), (f) and (g) of those regulations relating to the computation of items of income, gain, deduction and loss.

2.6 Membership Interest. The "Membership Interest" of each Member shall be the economic ownership (right to receive profits and losses, and not to vote or participate in the Company business) of each Member in the percentage as reflected in the annexed Schedule "B".

2.7 Classification of Membership Interests. The Membership Interest Shares are divided into two classes, Class "A" Membership Interest Shares and Class "B" Membership Interest Shares. The rights and privileges of both classes are identical, except (1) the holders of the outstanding Class 'A' Membership Interest Shares will receive a preferred distribution until such time the total distribution equals the original subscription amount, after which the both Classes will share in distributions on a pro-rata basis.

Class "B" Membership Interest Shares may be converted into Class "A" Membership Interest Shares at any time on the basis of one share of Class "B" Membership Interest Shares for each share of Class "A" Membership Interest Shares so converted. Notwithstanding anything contained herein to the contrary, the provisions of the Class "B" Membership Interest Shares set forth above with respect to the right to elect the balance of the Board of Directors and the right of the majority of the holders to approve certain actions taken by the Company including selecting the Manager, shall cease to be of any further force or effect upon (i) the consummation of a public offering; or (ii) conversion of all the class "B" Membership Interest Shares into Class "A" Membership Interest Shares.

2.8 Voting Interest. "Voting Interest" shall mean each Member's right to vote for any matter in the Company business as described in the following manner: Each member's vote is equal to his Membership share as defined in Section 2.9 below

To the extent that this provision is inconsistent with the laws of the state of formation, the Limited Liability Company Act of said state will prevail, but only as to voting rights as described in this section. Notwithstanding anything herein to the contrary, no assignee, successor-in-interest, creditor, purchaser or