

TRADING INSIGHTS

SWI Continuing Education

Volume 3

Financial Services Taking Your Company Public



PRIVATE TO PUBLIC

Advantages of Going Public

IPO versus Reverse Merger and Voluntary SB2 Registration

The advantages of public trading status, especially achieved through a voluntary registration, which are outlined in greater detail below, notably include the possibility of commanding a higher price for a later offering of the company's securities and to raise funds through a variety of instruments and different purposes. Shareholders, within SEC rules and regulations, are in a position to sell any desired percentage of their shares, thus generating personal income, without giving away the company or control over the company. The Company can raise capital through "Private Placements" or "Secondary Offerings" without effecting shareholders personal cash position and creating only controlled ownership dilution.

Going public through an SB-2 Registration or Reverse Merger allows a private company to go public typically at a significant lesser cost and stock dilution than through an initial public offering (IPO). In addition, smaller Companies do not qualify for an IPO, or the process would be cost prohibitive.

While the process of going public and raising capital is combined in an IPO, in a Voluntary Registration or a Reverse Merger these two functions are separated; a company can go public without raising additional capital and can raise needed capital later, potentially at better evaluations. The private company going public via a Reverses Merger or Registration immediately obtains the benefits of publicly trading its securities:

"Shareholders, within SEC rules and regulations, are in a position to sell any desired percentage of their shares, thus generating personal income, without giving away the company or control over the company"

"Going public through an SB-2 Registration or Reverse Merger allows a private company to go public typically at a significant lesser cost and stock dilution than through an initial public offering (IPO)"

Advantages of a Public Company

- Greater access to the capital markets through the possibility of a stock offering
- The universe of investors for public companies is considerably larger than for private companies.
- Raising funds for a public company is considerably easier and more cost effective than for a private company.
- Investors and/or shareholders are provided with an “exit strategy” for flexibility, making a potential investment an easier decision.
- Mandatory filings of Financial Reports with the SEC provides level of confidence for investors and shareholders
- Creating an immediate liquid cash value for its shares for the company and/or its shareholders
- The ability of the company to make acquisitions of other companies using the company's stock as a currency
- Increased liquidity of the ownership shares of the company
- Through good performance generate higher share price and thus higher company valuation
- The ability to use stock option incentive plans to attract and retain key employees
- Create valuable programs as a part of a retirement strategy for business owners

“There are advantages and disadvantages, risks and benefits of being a public company. You have to decide if the potential benefits outweigh the additional obligations of a public company”

Disadvantages and Risks

- Additional cost for accounting and SEC reporting requirements
- Additional legal cost for SEC counsel
- More rigid corporate structure, strict rules and regulations
- Missing the goals set in the business plan and thus not achieving a satisfactory share price
- Disclosure requirements (can be an advantage also)

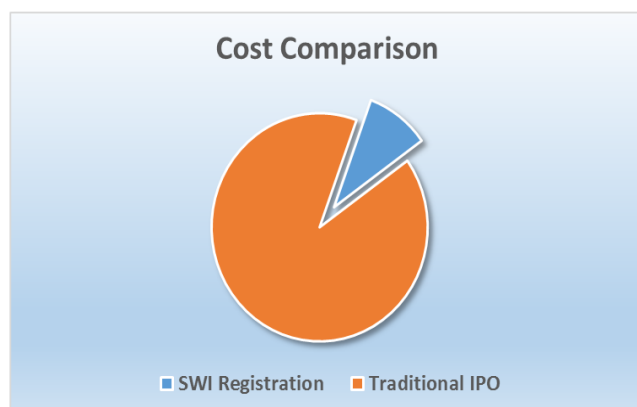
Advantages of a Voluntary Registration (VR)

Reverse Merger (RM) versus Initial Public Offering (IPO)

- The costs involved with a VR/RM are significantly less than the costs required for an IPO
- Does not require an underwriter and/or investment banker, avoids these large fees
- The time to trading is considerably less than that for an IPO
- The IPO carries additional risk in that it may be withdrawn due to an unfavorable market and/or company conditions, while after most of the up-front-costs have been expended
- Simpler application process, less stringent conditions for VR/RM, while IPOs generally require greater attention from top management and have stricter financial requirements.
- Limited earnings history is no obstacle for completing a reverse merger - IPO requires a relatively long and stable earnings history
- Less dilution and less impact on ownership control
- Higher valuation for your company

"Most small companies do not qualify for a traditional IPO, but can choose to take the path of a Reverse Merger or Voluntary Registration with less regulation and considerably lower cost"

Cost for SWI Registration versus traditional IPO



"The cost for a Registration process executed by SWI is considerably lower than a traditional IPO"

SWI Services

SWI provides general corporate consulting services and specializes on advising companies in the process of going public, assists in the preparation for raising capital, and subsequently creates post-public exposure to the financial markets and the media. Post public exposure, in tandem with the CEO/President of the company is typically the most neglected part of taking a company public, especially after an IPO by a large investment banking firms. Affiliated and experienced securities attorneys complete all appropriate filings and transactions for the client and assure that all rules and regulations are being followed.

Services for private companies going public include:

- Corporate Consulting
- Business Plans
- Due Diligence
- Reg. "D" Offerings
- Mergers & Acquisitions
- Reverse Mergers
- Voluntary Registration Filings
- Form 211 (15c211) Filings
- AMEX/NASD Correspondence
- Broker Dealer Introductions and sponsorships
- Investment Banking Relationships

"SWI advises you on going public and accompanies you from day one all the way to your first trading day"

"Post public exposure, is typically the most neglected part of taking a company public, especially after an IPO by a large investment banking firm. SWI makes will create and maintain strong post-public exposure in the market."

How long does it take to go public?

The process can be demanding, but assuming the client company provides all the necessary information, audited financial statements, and obtains approval of its Board of Directors promptly; you may expect to be trading in three to six months after execution of the agreement, depending on the method chosen.

Methods of Going Public

There are several methods of taking companies public that require less stringent compliance than rules and regulations related to an IPO and are significantly more cost effective.

"You can be trading within three to six months"

(a) Filing a Form 15c2-11

Rule 15c2-11 was originally designed to allow non-reporting public company's securities to be quoted on the National Association of Securities Dealers' ("NASD") Over-the-Counter Bulletin Board ("OTCBB") by filing some simple disclosures.

Now, following new and more stringent rules for public companies, companies seeking to obtain a quote on the NASD OTCBB are required to file reports with the Securities and Exchange Commission ("SEC"). Under Section 15 of the Securities Exchange Act of 1934 (the "Act"), as amended, a company who has filed a registered offering with the SEC, such as an SB-1 or SB-2 registration statement is required to file reports for one year. A company which files a Form 10 or Form 10SB (for small business issuers) becomes a reporting company under Section 12g of the Act and must file reports. To be eligible for a quotation of its securities, the company's market maker must file a Form 211 with the NASD; the company must have sufficient free trading stock in its public float to allow

"SWI will advise you which method is best and most cost-effective for your company"

Rule 15c211.

The 15c21-1 registration requires that the private company have up-to-date audited financials that have been audited through a certified SEC compliant CPA and have a valid business preferably with existing revenues and employees.

(b) SB-2 Registration

A private company can directly register its own private shares through an SB-2 Registration to become publicly trading. The SB-2 registration requires that the private company have up-to-date audited financials through a certified SEC compliant CPA and have a valid business preferably with existing revenues and employees. Once the registration has been filed, the process usually takes from three to twelve months to obtain a symbol and trading status, providing there are no exceptional delays.

"After careful evaluation, SWI will implement the method of your choice"

(c) "Reverse Merger"

This is a method by which a private company merges with a public company, typically with no, or only small assets or liabilities. The publicly traded corporation is called a "public shell" since all that exists is its corporate structure. By merging into a "public shell", a private company becomes public immediately. The private company merges into a public company and obtains the majority of its stock (usually % is negotiated between the private company directors and the "public shell" owners). The private company normally will change the name of the public corporation (often to its own name) and apply for a new symbol that matches the new name. This process usually takes about 45 – 90 days providing there are no delays in the negotiation process between the two entities.

Services provided by SWI

Reverse Merger - SWI will provide a range of public shells that would be available for acquisition for selection by the company. SWI will generate and assist legal counsel with the draft and filing of all required documents.

SB2 Registration Services – SWI will generate and assist legal counsel with the draft of all documents required for this form of going public and will provide a partner for the 15C211 brokerage sponsorship required. It will suggest the auditors and legal counsel to accommodate the process as required by the company.

Financial Advisory Services - these include strong Broker Dealer support programs introducing our client companies to a global audience of brokers and potential investors, capital resources, strategic advice/alliance introductions; readiness for Initial Public Offering; and Re-capitalization and Restructuring.

Mergers and Acquisitions - Our network of qualified service providers has the capability to address the needs of any company seeking to expand its business via mergers and/or acquisitions, attract capital or become public.

SWI works with a selected number of public companies, and we are always interested in providing proposals for promising companies that might have a need for our services.

Financial and Administrative Services Include:

- Finding private placement capital
- Locating suitable merger/acquisition candidates
- Press releases
- Comprehensive Research reports
- Market analysis reports
- Business Plans
- Business Strategies
- Private Placement Memorandums
- Form 15c2-11's
- Form 10-SB's
- Registration Statements on Forms S-1, S-2, SB-1, SB-2, etc.

"SWI, with its affiliated legal advisors and certified auditors provides a wide array services, including executing mergers and acquisitions and access to expansion funding through its large network of capital resources"

"SWI establishes strong Dealer/Broker support to establish and maintain a market value for your stock"

Raising Capital

SWI's corporate clients are considered equity partners. Helping to raise capital for them is not merely a consulting-oriented activity. The SWI team has the extensive expertise and experience necessary to find quality contacts, structure transactions, helps businesses focus on strategic growth, raises requisite monies for a company and facilitates a company's business success post-financing. SWI helps position its client companies to a new level and then markets its client company to achieve the first phase of financial support. We work with our corporate clients not only to enhance shareholder value, but also to help them set realistic goals and put performance measures in place to monitor progress against those goals.

Through our network of investment banking boutiques, broker-dealers, angel investors, and private accredited investors, SWI is capable of providing emerging companies sources of funding to meet their various needs. Funds can be raised as equity funds, mezzanine funding, convertibles or straight forward debt. Our consulting process allows for enough flexibility to cater a program suited for each individual client's needs.

Expansion Capital

SWI, through its capital sources, assists in securing the capital required to expand your business, i.e., acquiring new customers, build a larger development team, sales force or marketing team, make the capital invest into equipment and/or facilities needed for the expansion of production. For companies still in the growth phase, sufficient capital is paramount for product development and geographic expansion. Financing can also supply working capital for growth or be used to strengthen the balance sheet or eliminate debt.

Funding for Acquisitions

SWI assists in financing the opportunity to expand your business by acquiring competitors, including the acquisition of companies providing products or services that would allow you to expand into related markets. SWI will be the partner to assist you in the identification and negotiation of strategic acquisitions.

Many growth companies seek to enhance their prospects through strategic acquisitions. SWI can serve as an invaluable partner in helping companies' complete acquisitions or mergers. In addition to providing capital, we bring extensive experience in advising companies on the acquisition and integration process. Accordingly, we provide business-consulting services to help target potential merger or acquisition candidates. We direct clients when applicable to potential Merger and Acquisitions candidates through a network of potential companies for sale or interested in partnering.

"SWI assist in setting realistic goals and establish performance measures to monitor the progress against those goals"

"SWI provides sources of expansion funding and positions the company for strategic growth and potential acquisition"

Spin Offs

SWI will assist in freeing up capital for growth or debt payments by spinning off one or more divisions. SWI can assist in funding a divestiture or spin-off of a division or subsidiary from a public or private parent company. SWI works with management teams to position the company for growth while providing the parent company with the opportunity to sell some or all of its ownership interest, and in addition, helping create sufficient incentives for the new company's management team.

"SWI can assist in funding a divestiture or spin-off and can create sufficient incentives for a new and potent management team"

Market Recognition

Most companies find their stock trading below IPO prices within a year, sometimes months of going public. The reason is obvious. Out of sight, out of mind, especially after an IPO with a large investment banking firm. For a publicly trading company, this can spell financial disaster.

The Market Recognition Programs of our investor relations partners target qualified brokers, individual and institutional investors, and analysts through multi-faceted programs that generate new positive interest for your company. We use a tailored approach for every client program that taps powerful resources:

- State-of-the-art databases of qualified brokers/investors
- Broker Dealer Networks and Market Representation
- Marketing network of small-cap publications, newsletters, and online forums

SWI uses a vast resource of IR affiliate programs that create top-of-mind awareness for our clients by breaking through the market clutter and competition in the small-cap arena.

"SWI has a vast network of affiliates that create top-of-mind awareness by breaking through the market clutter and noise"

Financial Consulting

SWI's team of in-house consultants and associates can also assist corporate clients with financial consulting and services as follows:

- Finding private placement capital
- Locating suitable merger/acquisition candidates
- Press releases
- Comprehensive Research reports
- Market analysis reports
- Investor Relations
- Broker Dealer Support Programs
- Access To Capital For Public Companies
- Bridge Loans
- Stock Loans
- Private Placement Strategies

"SWI offers a wide range of financial and consulting services for small public companies"

Administrative Services

SWI can assist a company in preparing legal and compliance documents through its network of legal advisors, consultants and attorneys such as:

- Business Plans
- Business Strategies
- Private Placement Memorandums
- 15c2-11's
- Form 10-SB's
- Registration Statements on Forms S-1, S-2, SB-1, SB-2, etc.
- AMEX/NASDAQ Introductions and Applications
- Compliance With Designated Stock Rule
- Public Shells

"SWI can assist in funding a divestiture or spin-off and can create sufficient incentives for a new and potent management team"

Branding Recognition

Product Awareness is key to any company's success and bottom line. SWI will utilize and if necessary improve each client's market exposure and sufficient brand recognition for product and services. Positive brand recognition will immediately translate into higher share prices.

"SWI has a vast network of affiliates that create top-of-mind awareness by breaking through the market clutter"

Client Acceptance

SWI carefully selects a limited number of client companies from established relationships, referrals, marketing, and diligent research. Chosen companies are usually small public companies or private entities in a pre-public posture. Our specialty is working with high growth potential, private, micro cap and small cap companies.

About StockWatchIndex

SWI provides consulting services for public and private companies and while SWI has just launched its revised business model, its principles have been in this specific business for more than two decades. SWI's CEO has extensive experience in founding and running public companies himself, transforming private companies into public companies and is extremely familiar with every intimate facet of such an enterprise, based on practical experience, not just theoretical knowledge.

"SWI offers a wide range of financial and consulting services for small public companies"

SWI also has the expertise and experience necessary to provide quality contacts, well structured transactions, help businesses focus on strategic growth, raise requisite monies for a company, and facilitate a company's business success post-financing through its public offering, whichever form of offering the company may choose and for whichever length of time agreed upon.

About StockWatchIndex

SWI helps position its client companies to a new level and then markets it to achieve the first phase of financial support. We provide post-financing help in business development and growth, networking, market making, investor relations and syndicate relationships, as well as access to its bridge pool relationships to meet our clients' immediate financial needs. Supporting the stock after taking the company public is one of the main strongholds of Consult & Coach. This also happens to be the area where most companies need the most support and where most other consulting companies fail to provide to their clients.

Our corporate clients are considered equity partners. Helping to raise capital for them is not merely a consulting-oriented activity. We work with our corporate clients not only to enhance shareholder value, but also to help them set realistic goals and put performance measures in place to monitor progress against those goals.

"SWI provides post-financing help in business development and growth, networking, market making, investor relations and syndicate relationships, as well as access to its bridge pool relationships to meet our clients' immediate financial needs."



Rainer Poertner, CEO
4712 Admiralty Way, #173
Marina Del Rey, CA 90292
Tel: 310.844.7821
Fax: 310.822.1633
info@stockwatchindex.com

This publication does not provide financial or investing advice and is not soliciting the execution of a specify transaction and/or buying or selling of stocks. The user acknowledges that SWI is in no way responsible for the decisions of its readers. While SWI makes every effort to provide only correct information, data is often times utilized from external sources and is provided "as is" and on an "as available" basis. The user acknowledges and accepts that SWI assumes no responsibility for inaccurate, erroneous or unavailable data. The user is encouraged to conduct its own due diligence and consult with a licensed financial investment advisor before taking any action or investing into any stock. Neither SWI nor any of its publications or its employees and affiliates are registered as investment advisors, brokers or member of any association in any jurisdiction whatsoever. © Copyright StockWatchIndex, LLC 2013-2014