GIBSON DUNN

Rule 506 Decision Tree

All purchasers accredited investors?

No → **Rule 506(b)**
- No general solicitation
- Up to 35 non-accredited investors
- "Traditional" accredited investor verification procedures

Yes ↓

Desire to use general solicitation?

No → **Rule 506(b)** (see above)

Yes ↓

Rule 506(c)
- General solicitation
- No non-accredited investors
- Heightened accredited investor verification procedures

Yes → **Rule 506(c)** (see above)

Issuer took reasonable steps to verify?

Natural person?

Yes → Issuer's choice

No → **Principles-Based Non-Exclusive Factors**
1. Nature of purchaser, including category of accredited investor that purchaser claims to satisfy
2. Amount and type of information available to issuer about purchaser
3. Nature of offering, including manner in which investors were solicited and terms of investment

Issuer's choice → **Non-Exclusive, Non-Mandatory Safe Harbor**
1. Review copies of any IRS form that reports income and obtain written representation
2. Review copies of bank statements and similar reports as evidence of assets, and consumer credit report as evidence of indebtedness, and obtain written representation
3. Receive written confirmation from relevant 3rd-party that such entity has taken reasonable steps to verify accredited investor status
4. Obtain certification from purchaser that was an accredited investor in securities of same issuer before approximately September 2013 that he or she qualifies as accredited investor