

Small Corporate Offering Registrations (SCOR)

SCOR offerings are registered on a state-by-state basis with each state reviewing your offering to make certain that it meets their specific requirements. These offerings are now legal and available in over 40 states, and the rest are likely to be on board soon. Offerings are limited to \$1 Million in a 12 month period

SCOR permits the sale of securities to an unlimited number of investors, accredited or non-accredited. For this reason SCOR is known as a REGISTRATION BY EXEMPTION because it is basically a hybrid between a public offering and a private placement. This type of offering is often referred to as a DPO, or Direct Public Offering because the stock can be sold to the public without the use of an underwriter, agent or brokerage.

While companies filing a SCOR are subject to some requirements and an application process, SCOR securities can be resold into established secondary markets. The Pacific Stock Exchange has created special rules and a review process for SCOR securities that will hopefully improve the secondary market for these offerings. In addition, various bulletin boards have been established on the Internet for SCOR securities, adding to the potential liquidity of these investments. As the Internet grows, so should the secondary market for securities in smaller companies.

Under a SCOR offering, a company can advertise for investors, and sell securities to anybody who expresses an interest. Obviously, this gives businesses a much-needed tool for raising capital. Small companies have successfully used SCOR to sell stock without a securities underwriting firm. This works particularly well with an established customer base or other supportive source of investors including employees.

SCOR Advantages

1. May be done in selected states
2. Stocks may be traded in secondary markets
3. Advertising the offering and soliciting investors is OK

SCOR Disadvantages

- Requires registration and review in each state
- Slower, more complicated and expensive than Reg. D