



# California Corporate & Securities Law

## Private Placements And The Internet

Posted In [California Securities Laws](#)

10-19-2010

Many securities lawyers are familiar with the SEC staff's position in the IPONET no-action letter (July 26, 1996). That letter is frequently referred to in discussions on how to conduct a private placement on the Internet without violating the prohibition on general solicitation or general advertising found in Rule 502(c).

What may be less well known is the fact that IPONET also obtained an [Interpretive Opinion](#) 96/2C from me as the Commissioner of Corporations. Of course, the California opinion did not address Rule 502(c). Rather, it concerned the relatively new exemption in California Corporations Code Section 25102(n). As discussed in yesterday's post, that statute exempts, subject to specified conditions, a limited general announcement in an offering to "qualified investors".

Looking back, it is interesting to reflect on the time line for the IPONET Interpretive Opinion:

- **September 1994** – SB 1951 (Killea) enacting Cal. Corp. Code § 25102(n) takes effect as an urgency statute;
- **July 26, 1996** – SEC staff issues IPONET no-action letter;
- **October 11, 1996** – President Clinton signs the National Securities Markets Improvement Act (NSMIA) that, among other things, preempts state qualification requirements with respect to securities offered in reliance on Rule 506 of Regulation D;
- **October 17, 1996** – Commissioner issues IPONET Interpretive Opinion.

As a reminder, I will be speaking about how to raise capital without violating the California securities laws at the October 21 meeting of the Business Law Section of the Bar Association of San Francisco. Here is a [link](#) to information about this event.

Please contact [Keith Paul Bishop](#) at Allen Matkins for more information [kbishop@allenmatkins.com](mailto:kbishop@allenmatkins.com)

<http://www.calcorporatelaw.com/>