



U.S. Securities and Exchange Commission

Securities Act of 1933 Regulation D — Rule 502

August 6, 2015

Response of the Office of Chief Counsel Division of Corporation Finance

Re: Citizen VC, Inc.
Incoming letter dated August 3, 2015

Based on the facts presented, the Division's views are as follows. Capitalized terms used in this response have the same meaning as defined in your letter.

You have requested the staff concur in your conclusion that the policies and procedures described in your letter will create a substantive, pre-existing relationship between CitizenVC and prospective investors such that the offering and sale on the Site of Interests in SPVs that will invest in a particular Portfolio Company will not constitute general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D.

We agree that the quality of the relationship between an issuer (or its agent) and an investor is the most important factor in determining whether a "substantive" relationship exists. As the Division has stated before, a "substantive" relationship is one in which the issuer (or a person acting on its behalf) has sufficient information to evaluate, and does, in fact, evaluate, a prospective offeree's financial circumstances and sophistication, in determining his or her status as an accredited or sophisticated investor. See, e.g., *Bateman Eichler, Hill Richards, Inc.* (Dec. 3, 1985). We note your representation that CVC's policies and procedures are designed to evaluate the prospective investor's sophistication, financial circumstances and ability to understand the nature and risks of the securities to be offered. We also agree that there is no specific duration of time or particular short form accreditation questionnaire that can be relied upon solely to create such a relationship. Whether an issuer has sufficient information to evaluate, and does in fact evaluate, a prospective offeree's financial circumstances and sophistication will depend on the facts and circumstances.

In expressing these views, we note your representation that the relationship with new Members will pre-exist any offering, consistent with the Division's previous guidance. In this regard, we note that a prospective Member is not presented with any investment opportunity when being qualified to join the platform. Any investment opportunity would only be presented after the prospective investor becomes a Member. Further, we understand that CVC creates SPVs for investment in particular Portfolio Companies and not as blind pools for a later investment opportunity.

Because this position is based on the representations in your letter, any different facts or conditions might require the Division to reach a different conclusion.

Sincerely,

David R. Fredrickson
Chief Counsel

Incoming Letter:

The [Incoming Letter](#) is in [Acrobat](#) format.

<http://www.sec.gov/divisions/corpfin/cf-noaction/2015/citizen-vc-inc-080615-502.htm>

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