

Title:

The Case For Taking Your Company Public On The Pink Sheets...

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Summary:

Over the course of history there have been events and legislation that has transformed the financial markets, our economy and the way we conduct business , such as the legislation that form the Securities and Exchange Commission, the Internet has also has transformed the way we do business and communicate.

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Article Body:

Over the course of history there have been events and legislation that has transformed the financial markets, our economy and the way we conduct business , such as the legislation that form the Securities and Exchange Commission, the Internet has also has transformed the way we do business and communicate.

Sarbanes-Oxley falls into that categories, this piece of legislation named after Senator Paul Sarbanes (D) MD and Representative Michael Oxley (R) Ohio was passed in response to the Enron and Worldcom scandal.

When legislators in Washington are confronted by a problem they also rush to come up with some type of legislation to give the appearance that they are doing something about the problem, and we the electorate have become accustomed to having Washington solve all of our problems.

But Washington's solution to one problem is the beginning of another one and often times a bigger one.

Sarbanes-Oxley is making it extremely expensive for small and mid-size company to be able to afford the cost of an audits, the requirement of Sarbanes-Oxley has almost double the cost audits.

And compliance with other requirement of Sarbanes-Oxley is also eating away at the bottom line, one company that chose to leave the American exchange for the pink sheets is Ziegler Cos. 103 year old investment banking firm based in Milwaukee.

John J. Mulherin CEO of Ziegler Cos. Says Sarbanes-Oxley rules would have cost the company 10-15% of its bottom line in the first year alone.

Many small and mid-size companies would prefer to put these resources in to expansion and product development, and that is why many are choosing to go public in the pink sheets.

The small companies our the backbone of our nation not the big bloated Fortune 500 companies which have lost over 20 million jobs over the last 10 years, while small companies have created 15 million new jobs over the same time period.

But unfortunately the big companies have all the influence in Washington, with politicians of both parties dependent on them for campaign contributions.

With banks refusing to lend money to small companies and the Small Business administration being a joke, the only way for small companies to gain access to the capital markets is to go public.

So the pink sheets have become a viable option for many small companies to go public, Pink Sheet listed companies are not required to have audited financial statement. They must disclose financial information that is accurate but it can be prepare by the company's accountants.

These securities are traded on an unsolicited basis, which means that the NASD has not cleared a market maker to enter a quote in the security pursuant to SEC Rule 15c211. Instead a broker is relying on an exemption to the rule in order to display a quotation representing customer order.

The broker must ascertain that the issuer has made adequate current information available on the Pink Sheet website. The disclosure policy has been a good attempt at creating transparency of basic information that investors trading in public markets deserve.

But the pink sheets are not stopping here they are planning on having different tiers. The pink Sheet is planning to charge companies a flat fee for corporations to get a templates for financial information, and will be able to use the website to post media releases and hold question and answer sessions as well other service. This will help raise the companies into one of the new tier.

The top tier will be "Premier QX" which will be compose of companies large enough to be listed on a major exchange, with audited financial statements, annual shareholders meetings and share price of at least \$1.

A second tier will be made up of companies will be smaller issuers with audited financial reports. The final tier will be made up of small companies with information prepared by person with sufficient financial skills and complying with guidelines that the Pink Sheets will be mailing to issuers.

Another reason for listing on the Pink sheets is the cost of a public Shell, a Pink Sheet shell sells for half the price of a bulletin board shell, and sellers are more willing to sell all the shares they control.

By buying entire amount of the share controlled by shell owner you remove the probability of having to purchase those shares later at a higher price on the public market.

While Sarbanes-Oxley has created problem it has also created opportunities, and as long as we continue to exercise our God given creative genius no congress in the universe can stop our enterprising spirits from finding solutions to our problem.

While many in the past may have lost money in the Pink Sheets with its lack of financial disclosure, the amounts are small in comparison to the amounts lost in Enron, Worldcom and Global Crossing. All which were Exchange listed companies.

Among the companies currently listed on the Pink Sheets are Swiss chocolate maker Nestles, ARC Energy, TransForce and Vermillion as well as Volkswagon, plus many banks and insurance companies.

So don't be afraid of having your company listed on the Pink Sheets the company isn't so bad and its getting better as the new head of the pink sheets continues his trek to respectability.

For additional information please visit: <http://www.genesiscorporateadvisors.com>