

We Take The “Reasonable Steps” To Verify Investors So You Don’t Have To

Rule **506(c)** and the **JOBS Act** have changed the game when it comes to investor verification.

A Burden On Investors

The SEC has ruled that for 506(c) offerings, **investor self-certification is not enough** to verify an investor as accredited. This means investors need to be verified by **each issuer** they are potentially going to invest with. If they choose the time-consuming option of providing their **financials to each issuer**, they risk their data getting compromised. Hiring an **attorney or CPA** for each verification becomes expensive rather quickly. And using the **“free”** service from AngelList still requires an attorney or CPA letter and still exposes sensitive financial data to each issuer.

A Liability for Issuers

Issuers opting to raise funds through 506(c) offerings must now take on the burden of verifying each investor or potentially be **held liable** if the investor is found to not have been accredited. In order to comply, issuers must take **“reasonable steps”** to verify, and the SEC has delineated a few non-exclusive reasonable methods, including **IRS forms** for income verification, **asset records** such as bank statements, and **credit reports** for asset verification, and reliance on third parties, including **attorneys, CPAs, and broker-dealers**.

Accredify makes complying with the new investor verification requirements seamless, simple, and safe.

Solutions for Investors

Accredify provides a simple, yet comprehensive approach to give control of the verification process back to the investor while still complying with the new rules. **Accredify** members get yearly access to our verification forms, which we use to take the necessary **“reasonable steps”** by either pulling data directly from the **IRS** for income verification, or reviewing **asset records** and pulling **credit reports** for asset verifications. Verified investors receive a unique **online certificate** that they can then share with issuers that only state their name, city/zip, basis for verification, and expiration date.

Protection for Issuers

506(c) specifically addresses and acknowledges the rise of third party verifiers and says that:

“services may develop that verify a person’s accredited investor status ... This third-party service, as opposed to the issuer itself, could obtain appropriate documentation or otherwise take reasonable steps to verify accredited investor status.

Accredify is that service. We take on the **burden of verification** for you. We also have great tools such as our API that allows portals to quickly verify our members. Check us out at www.Accredify.co.