

May 14, 2005

**[NAME OF PERSON]  
SOCIAL SECURITY #**

**000-00-0000**

**CRD OR NFA #**

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**Due Diligence Questionnaire for  
[NAME OF PERSON]  
Private Placement for Start-Up [Company] or [Hedge Fund]  
[Company Name(s)]**

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Complete Separate Questionnaire for Each Officer, Director, Principal,  
Managing Member, Key Employee, and Owner of 5% or More of Company,  
And for each Proposed Officer and Director,  
And for each Broker or Finder Offering Securities of the Company

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*Attorneys and Accountants conducting Due Diligence on the Founders, Officers and Directors of a Company planning to offer securities, even in a private placement, is a normal part of the Offering process. Attorneys are responsible for determining that information in the Offering Memo is accurate and that nothing material is omitted. Professional investors will run background checks and will find the Due Diligence information; therefore we pre-empt their discovery with advance disclosure. Due Diligence is required in order to determine disclosure items in the Offering Memo, as well as eligibility for securities exemptions. As a business tool for the Company, Due Diligence screens for issues that may prevent professional investors from investing, or that may affect future rounds of financing.*

*Our policy is to conduct background checks on each principal of a company for which we will be preparing, **or reviewing**, an Offering Memo. The information gathered in this questionnaire, or as a result of background checks from this questionnaire, will be kept confidential within the Company, and among its Officers, Directors and attorneys. Please note that attorneys represent the Company, not the individual, and therefore may have an obligation to disclose to the Company's Officers and Board of Directors, information collected in this questionnaire.*

Please answer the following questions by **typing answers directly into this document**. To check a box, double-click on it, and select "checked". Please email the completed questionnaire to [nfallon@nfhlaw.com](mailto:nfallon@nfhlaw.com). Then sign a paper copy on Page 6, and either fax to us the signature page, or regular mail the entire paper document to us.

Please type details of any "Yes" answers, into a separate page at the end of this questionnaire. Instead, if you prefer, type details within the text of the questionnaire, after each question. If typing between questions, please a bold or italicized font, or change font, to distinguish your answers from questions. If you prefer, send narrative answers to us the text of a separate email. Email us or call us with questions.

Please include "Yes" items without date limitation. However, we will opt to exclude from Offering Memo disclosure, any items that we deem immaterial, based on distant age of the event, irrelevance to the Offering, or irrelevance to your responsibilities of holding and spending investor money. Include all items here, even if they seem immaterial, as the attorneys will determine materiality, and therefore exclusion from Offering Memo disclosure.

1. **Background Items: Criminal, Civil Fraud, Regulatory Actions:** Do you have, or have you ever had, any of the following occur in your background?

A. **Criminal** arrest, criminal proceeding brought, or criminal conviction, including DUI or drug arrest, in federal, state or county court, or court of a non-US country. (Exclude speeding & parking tickets and moving violations.) (Not all items are disclosure items, but we need to discuss and dismiss any.)

No  Yes.

B. **Fraud** action or allegation: Civil or criminal action brought against you, or a company of which you were an officer or director, in the US or in any other country.  No  Yes

C. **Business Bankruptcy:** Bankruptcy, reorganization, or failure of a business, which you founded, managed, or were an officer, director, promoter, broker, or shareholder of 5% or more.

No  Yes, Name of Business: \_\_\_\_\_

Did shareholders or investors lose money?  No  Yes

Did shareholders or investors sue the company, its founders, officers or directors, alleging loss of their investment?  No  Yes

D. **Personal Bankruptcy.** (Let's discuss whether it will be a disclosure item in the Offering Memo, depends on circumstances.)  No  Yes. How many? \_\_\_\_\_

E. **Tax Liens.** (Personal income tax, business income tax, payroll / employer tax, real estate tax.) If a tax lien has been levied, but is now paid, it will not be a disclosure item in the Offering Memo. However, please disclose it here.

No  Yes. Type:  Business  Personal

F. **Regulatory investigation or action**, or stop order, issued by a securities regulator or self-regulatory organization, such as the SEC, NASD, CFTC, NFA, any state securities commission, any banking or insurance commissioner, or any other federal or state regulatory body, such as the FTC, USPS, FDA, or by any regulatory body of a non-US country.  No  Yes

G. **Disciplinary action** by a professional licensing body, such as accounting, law, real estate, insurance, financial, medical, or other, in the US or any other country.  No  Yes

H. **Cease and desist order**, or stop order, issued by a court or regulatory body, in the US or in another country.  No  Yes

I. **Delisting by Stock Exchange**: Has a company of which you have been officer director principal, managing partner, or control person, ever been de-listed from any securities exchange or trading system, including OTC, Bulletin, Pink Sheets, local stock exchange, foreign stock exchange, or other exchange?  No  Yes

Symbol & Exchange	Company Name	Position with Company	Dates

2. **Financial Industry History as Securities Broker, Investment Adviser, Commodity Broker, or Financial Industry Employee or Representative**: Have you ever been a member of the NASD, or NFA, or employed by, or been a registered representative or agent of, a broker-dealer firm, or an investment adviser firm, private or public fund or fund manager, commodity pool operator, commodity trading advisory, commodity broker, or other securities or futures industry firm?  No  Yes

If yes, Please provide your CRD number or NFA number, name of Firm(s), your position, and approximate dates of employment or affiliation?

CRD or NFA #	Firm Name	Position with Firm	Dates

3. **Aliases:**

Have you ever been known by, or used, any other name?  No  Yes  
 Have you ever used any other social security number?  No  Yes

Other Name	Other Social	Dates	Reason

4. **Civil Litigation:** Do any of the following apply to you?
- A. **Litigation Brought Against You, By Others:** Please describe any civil litigation brought against you personally, or against any company of which you are, or were, a principal, officer, director, manager or founder:
- a. Any current or threatened?
  - b. Any in the past 20 years?
  - c. If yes, please list and discuss with attorney. Some items might be disclosure items in the Offering Memo. Multiple law suits: Probably a disclosure item. Litigation that could affect the Company is a disclosure item.
- No       Yes
- B. **Litigation Against Your Former Company:** Please describe any civil litigation against a company with which you were involved as an officer, director, principal or partner:
- a. Any current or threatened?
  - b. Any in the past 20 years?
  - c. If yes, please list and discuss with attorney. Some items might be disclosure items in the Offering Memo. Multiple law suits: Probably a disclosure item. Litigation that could affect the Company is a disclosure item.
- No       Yes
- C. **Litigation Against The Current Company or its Affiliates:** Please describe any civil or criminal litigation, or regulatory action, of any amount, which has ever been brought, or which has been threatened to be brought, against the Company or against any predecessors or affiliates of the Company, without time limitation. (We will evaluate these items and use our discretion on disclosure of these items in the Offering Memo.)  No       Yes
- D. **Litigation Brought by You, Against Other Parties:** Please describe any civil litigation that you have filed against any other parties:
- a. Any current or threatened?
  - b. Any in the past 20 years?
  - c. If yes, please list and discuss with attorney. Some items might be disclosure items in the Offering Memo. Multiple law suits: Probably a disclosure item. Litigation that could affect the Company is a disclosure item.
- No       Yes
5. **Knowledge of Background of Other Principals:** Are you aware of the existence of any of the items in this questionnaire, in the backgrounds of, or related to, any of the Officers, Directors, Managers, Key Employees, or 5% Shareholders, of this Company or its affiliates?  No       Yes

6. **Other Affiliations:** Do you hold any position as officer, director, principal or 5 % Shareholder for any other company or entity, public or private? (5% Shareholder means directly, indirectly, or combined with other persons or entities over which you have actual, practical, or legal control).  No  Yes

7. **Finders or Brokers:** Do the Company intend to use any finders or brokers to sell the securities of the Company?  No  Yes

Does the Company intend to pay anyone any commissions or fees for finding money for the Company in this offering?  No  Yes

Does the Company intend to issue an equity interest in exchange for finding money for the Company in this offering?  No  Yes

If yes to any of these, the finder or broker will need to complete this questionnaire. We will need to discuss the complex regulatory issues triggered by their involvement. Please list the names and company names of any such persons, and the CRD #'s of the person and the company.

8. Are you a U.S. Citizen?  No  Yes

9. **Biography and/or Resume.** If you have not already done so, please provide to the email address above, a biography and/or resume for yourself for at least the past 20 years. Please list all positions you have held and companies in which you have been involved, as officer, director, manager, principal, partner, or material shareholder.

Please list dates, or approximate dates. If your business background is longer than 20 years, please list all of it. List your degrees, dates and colleges attended. If your business background is shorter than 20 years, please provide biographical information only back through college information, no need to list info prior to college.

Emailed previously  Attached  Will Email

10. **Signature Block, Rep, and Consent:** Please complete the signature block by tabbing across the table and typing in your responses. After emailing your completed form, please return an executed copy, at your convenience, to the address above.

I have executed this document below attesting to the truth of my answers.  
 I consent to a background check using my social security number, home address and home phone number listed below. (Background check will not include credit check, other than search of bankruptcy filings or tax lien filings.)

I have checked a "Yes" answer above, and therefore have provided a written explanation or description at the end of this questionnaire below my signature, or on a separate document or by separate email.  No  Yes

**Signature Page for Due Diligence Questionnaire for Company:**

Signature:  X  \_\_\_\_\_

Name: \_\_\_\_\_

Title and Positions currently held with the Company: \_\_\_\_\_

Today's Date: \_\_\_\_\_

Social Security Number: \_\_\_\_\_

Your Business Address (If other than that of the Company):

Business Phone: \_\_\_\_\_

Business Email: \_\_\_\_\_

Home Address: \_\_\_\_\_

Home Phone: (All information, including home information, to be kept confidential) \_\_\_\_\_

Home email, only if you prefer to be contacted at home for correspondence regarding this questionnaire and the Offering: \_\_\_\_\_

How do you prefer to be contacted for correspondence regarding this questionnaire and the offering? \_\_\_\_\_

CRD # (If former NASD broker): \_\_\_\_\_

Type below, narrative for any "Yes" answers. To add lines, click inside the last row and hit "tab" key.
