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SharesPost targets high-profile startups

By Sara Stroud

With initial public offerings becoming increasingly few and far between, one Southern California startup is looking to pave the way for private equity transactions.

Launched in June, Santa Monica-based SharesPost hopes to connect shareholders and buyers to move shares of some of the most high-profile startups around, including Tesla Motors, SolarCity and Silver Spring Networks.

The site offers access to the "most interesting" companies, while providing an exit for shareholders, says Greg Brogger, SharesPost's CEO and founder and a former securities attorney. With more than 150 companies listed on its bulletin board, SharesPost allows its members to anonymously buy and sell shares, with a minimum transaction of \$25,000.

Most companies need at least \$500 million in market capitalization to go public, which leaves a lot of companies without access to potential investors, Brogger says. SharesPost aims to fill that niche, focusing on mature, late-stage companies that have at least \$100 million in market capitalization, but are still not ready for an IPO.

While anyone with at least \$25,000 can become a member of SharesPost, buyers must either be institutional investors, or accredited with a net worth of more than \$1 million or an income of at least \$200,000. Sellers, meanwhile, must have possessed their shares for at least a year.

SharesPost doesn't earn a commission fee for transactions, though escrow provider U.S. Bank (NYSE: USB) charges a fee to each party. Instead, the startup plans to make its money through a \$34 per month membership, which is required to buy, sell and post.

The site also hopes to solve the problem of a lack of available research about private companies by providing access to reports from third-party research providers.

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