

**NETEQUITY CAPITAL PARTNERS INC.**  
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Bowen Island, BC  
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**CRUCIAL CAPITAL (VCC) CORP.**  
Box 100, 551 Artisan Lane  
Bowen Island, BC  
V0N 1G0

## **PRIVATE EQUITY TAX PLANNING**

“Convert Your Taxes Into Asset Equity”

### **MARKETING PROGRAM**

VCC investments are sold directly to qualifying individuals by Sales Agents of NetEquity Capital, which is acting as general Agent for Crucial Capital (VCC) Corp. Sales Agents are introduced to qualifying individuals by Marketing Referral Agents of NetEquity Capital.

#### **SALES AGENTS**

Sales Agents do not need to be licensed to sell securities, but must not be selling securities other than those that NetEquity Capital is representing as general Agent to avoid any securities regulatory violation. Agents cannot give financial planning advice involving other products, but must restrict their presentation to the program details of how the Crucial Capital investment works and can be used.

#### **REFERRAL MARKETING AGENTS**

The sales program is based on Referral Agents making first level contact with qualifying individuals, and building interest to the point where the individual agrees to be contacted by a Sales Agent. It is expected that members of the public looking for part-time work will respond more positively to a solicitation for employment than high-income earners to a solicitation for their money. Referral Agents must work through personal contact with known acquaintances or by prospecting

likely candidates that they can approach without cold calling at their home. One possibility for relatable developments such as “apps” is to have university students solicit their friends, family, and business associates.

#### **SALES & MARKETING MANAGER**

The Sales & Marketing Manager will recruit Sales and Marketing Agents, manage the overall program, and enforce regulatory compliance.

#### **PROPOSED COMMISSIONS**

A maximum of 15% of proceeds is available for payment in the form of commissions. At this point it is felt that 6% should go to Referral Agents as having the harder job, 5% to Sales Agents, and 4% of overall sales to the Manager.

#### **ADDITIONAL FEES AND EXPENSES**

The remaining allowable 5% of capital raising expenses are allocated as 3% to administrative, accounting, and filing costs with 2% allocated to Director fees.

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## **PRIVATE EQUITY TAX PLANNING**

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### **THE REFERRAL MARKETING PROGRAM**

A key part of this capital-raising program is referral marketing. Referral sales were a much bigger component of investment sales years ago before the rise and expansion of the regulated sectors into the Investment Dealers Association and the Mutual Fund Dealers Association. The Limited Market Dealers Association was added later. The right however remains for an Issuer to sell its securities directly to the public, and to pay a referral fee to a third party who introduces the Issuer to a buyer. The fine lines separating steps, roles and limitations in the process must however be carefully respected, to avoid a regulatory violation. Also, referral marketing has some benefit in avoiding CRA attention.

#### **ESSENCE OF A REFERRAL**

The essence of a referral in our program is where a Referral Agent introduces our product and program to a third party and obtains their permission to have the Company Sales Agent contact the individual. The Referrer is not licensed to give financial advice or to complete the sale.

#### **REGISTRATION OF THE REFERRAL**

All referrals will be registered to capture referral information and to record who the Referral Agent was to whom a commission on any sale will be made.

#### **TERM OF THE REFERRAL**

The right to a commission on any ensuing sales from the referral will continue for three years after the referral, or three years after the last purchase by the referral.

#### **RIGHTS OF THE REFEREE**

The referee may at any time withdraw his or her approval to be contacted in the future (unsubscribe).

#### **SALES SUPPORT ROLE**

An option being consider is for the Referral Agent to support or facilitate the sale by working with the Sales Agent, by performing such functions as scheduling the meeting, assisting with a Skype call if the client has no laptop, and completing required paperwork. An additional 2% commission would be diverted from the Sales Agent and Program Manager to the Referrer.

#### **USE OF SOCIAL MEDIA**

Social and other media are expected to be used to recruit Referral Agents. They *may not* however be used to solicit interest in our products and program.

### **WHAT’S LEGAL VERSUS WHAT THE CRA LIKES**

Our program pays strict attention to being legal; however when dealing with Tax Shelters there must also be consideration to what the CRA likes or dislikes. If a program gets too large or prominent, there is a risk the CRA will get annoyed and make it illegal. A lessor step is for the CRA to simply bully Issuers, driving away potential buyers through hassle. While a denied deduction may be reinstated through the Objection and Appeals processes, this takes several years and would be a significant deterrent to future buyers. The referral program is a BCSC compliant way of finding qualifying candidates while staying under the radar of the CRA.

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