



## INSTRUCTIONS FOR GABB SECURITIES SALE ADDENDUM (Form G1026/G3042)

**Purpose of the Agreement:** This *Securities Sale Addendum* form is for a broker to have executed when the parties to a business purchase and sale have determined to use some structure other than a purchase and sale of assets. This form is necessary because under existing law brokers must be registered under federal and/or state securities laws as brokers, dealers, salesmen and/or agents in order to perform their role in a transaction involving the sale of stock or other securities.

Please note that when an asset sale becomes a security (stock) sale, our roles as brokers must diminish to that of a “finder”. We are not allowed to furnish advice. That does not mean we disappear from the scene, but we must change from an active to a passive participant. Probably the seller’s and buyer’s accountants and attorneys initiated this change; they will be responsible for carrying this transaction through. You should stay involved as best possible but be wary of offering advice.

**NOTE: THIS AGREEMENT IS ONLY AN ATTEMPT TO ACHIEVE THE BEST POSITION POSSIBLE FOR THE BROKER AND IS NOT A GUARANTEE.** The law in this area is in great need of change, and changes are expected soon. There is some guidance as to requirements for brokers under federal law, but much less guidance under state law. Brokers should be aware that while this addendum attempts to protect the broker as much as possible, protection cannot be a certainty.

**NOTE: CONSULT WITH COUNSEL IF CLIENT CANNOT MAKE ALL OF THE REPRESENTATIONS AND WARRANTIES IN THE ADDENDUM.** If the client cannot make all of the representations and warranties in paragraph 2 of the addendum, the broker may wish to consult with counsel to determine the best way to come closest to compliance with existing guidance under federal securities law.

**NOTE: THIS AGREEMENT REQUIRES THE SIGNATURES OF BOTH BROKER AND CLIENT.** When the client sends the signed agreement to the broker, the broker needs to sign and **RETURN IT** to the client. Faxing it is easy. The broker’s signing and returning it to the client must be done for this agreement to be in effect.

**NOTE: ALL PARTIES TO THE TRANSACTION SHOULD BE NOTIFIED OF THE EXECUTION OF THIS ADDENDUM.** BRETТА (O.C.G.A. § 10-6A-4(b)) requires that whenever a broker with an existing brokerage relationship with either a customer or a client enters into a new brokerage relationship with the customer or client, the broker shall timely disclose that fact and the new brokerage relationship to all brokers, customers, or clients involved in the contemplated transaction.