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Reckless or Brilliant? Trulia Files For IPO Under JOBS ACT

What's new, America? We are about to witness a major tectonic shift in the world of finance. It's happening beneath our collective feet and it will change the world as we know it.

What is it? The new and controversial stipulations of the JOBS Act, signed by President Obama in April, are about to be tested by an IPO filing by [San Francisco](#) based real estate search service [Trulia](#).

In an effort to make it easier for companies under \$1 billion in revenues to go public and obtain critical cash for continued growth, the JOBS Act allows these midsized companies to circumvent the traditional filing process through the SEC.

This means Trulia is able to quietly file for its IPO without providing an S-1 for the public to review until 21 days prior to a marketing road show.

The good news? With financial restrictions being reduced, many more flourishing companies will qualify for public offerings and receive an infusion of capital. In short, much of the lengthy processes and expenses associated with an IPO that have hindered companies for years, have now been abridged, restructured and streamlined. The unmistakable goal of this action is to create more jobs and thereby facilitate a stronger and faster growing economy.

The concerns? A less rigorous process means that unsophisticated investors, particularly smaller shareholders, will need to be much more vigilant before they wire funds



Trulia's IPO is one of the first to be filed under the new relaxed registration rules of the JOBS Act.



to a company. Every investor should also keep in mind that the time to review a prospectus and complete due diligence will be much shorter than before. As such, unethical company leadership may be tempted to hide under performance. As with any investment, buyer beware.

Trulia management hopes to raise approximately \$75 million in a space that is highly dynamic and volatile (the space is occupied by least one strong competitor in [Zillow](#)). All investors should keep in mind, that the successful usage of real estate research information on mobile consumer devices is not assured.

[Facebook](#)'s precipitous stock decline since its IPO has generated shareholder lawsuits from infuriated investors. With more relaxed requirements from the JOBS Act, how will investors respond to Trulia's IPO? Will investors step forward? Will this singular occasion represent a significant bellwether event for new IPO

laws? Personally, I am hoping this historic moment is a winning game changer leading to many more successful IPOs within the next several years.

Regardless, one thing is certain: smaller and non-accredited investors will need to be very proactive in understanding potential blue sky investment opportunities in this new Wild West setting.



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