

Summary of ENACTED Intrastate Crowdfunding Exemptions (as of July, 2014)

Any offer or sale of securities that uses the “jurisdictional means” (the mails, phones, internet) must be registered under the federal Securities Act of 1933 (the “Securities Act”) or be made in accordance with an exemption from that registration. Such exemptions apply ONLY to registration of the offering; issuers are still subject to liability under the federal antifraud laws. Similarly, if issuers acquire a specified number of equity holders, they will be required to register under the federal Securities Exchange Act of 1934. Further, any intermediary used in connection with a securities offering MAY be subject to applicable federal and state broker-dealer and/or other registration requirements.

The federal exemption most frequently relied on for intrastate offerings is Section 3(a)(11) of the Securities Act, but Rule 504 of the of the Securities Act is also used. Resale/transfer of securities sold through intrastate offerings will be restricted based on the underlying federal exemption. If the intrastate offering relies on Section 3(a)(11), the securities will have to “come to rest” (9 month requirement under SEC Rule 147) in the respective state before they can be transferred. If the intrastate offering relies on Rule 504, the securities will be “restricted” securities and subject to the restrictions on transfer provide in the Securities Act.

Potential liabilities for issuers and intermediaries in connection with intrastate offerings include, among others, anti-fraud liability under § 12(a)(2) of the Securities Act and Rule 10b-5 under the Exchange Act, as well as the respective applicable state securities anti-fraud liability statutes (some of which are identified below).

DISCLAIMER: Nothing in this chart is, or is intended to be, legal advice. The information herein is provided for informational purposes ONLY and YOU SHOULD CONSULT WITH YOUR ATTORNEY before using any of this information. Further, NO REPRESENTATION OR WARRANTY is made as to the accuracy or use of any of information contained in this chart and there shall be NO DUTY, express or implied, on the authors or any other person to update any of the information herein.

STATE	ALABAMA	COLORADO	GEORGIA	IDAHO	INDIANA	KANSAS	MAINE	MARYLAND	MICHIGAN	TENNESSEE	WASHINGTON	WISCONSIN
Title	SB 44	HB 14-1079	Invest Georgia Exemption	By Administrative Order (2012 - Treasure Valley Angel Fund, LLC); <i>Decided on a case by case basis</i>	SB 375	Invest Kansas Exemption	An Act to Increase Funding for Start-ups	SB 811; HB 1243	Public Act 264	Invest Tennessee Exemption	HB 2023	N/A
Statute citation	Code of Ala. 1975, § 8-6-11	C.R.S. § 11-51-304(6)	GA Comp. R. & Regs. § 590-4-2-.08	Idaho Code §§ 30-14-203 and 30-14-301	IC § 23-19-2-2(27)	K.A.R. § 81-5-21	32 MRSA § 16304, sub-§6-A	Md. Ann. Code, Corps. & Ass’ns, §§ 11-101; 606, and 601	MCL § 451.2102a, et seq., as amended by Public Act 264	Tenn. Code Ann. § 48-1-103(a)	RCW § 21.20, et seq., as amended by HB2023	Wis. Stat. §§ 551.202(26) and 551.205
Date enacted	January 23, 2014	March 27, 2014	December 8, 2011	First Admin. Order - July 2, 2012	April 2, 2014 (in effect July 1, 2014)	August 12, 2011	March 2, 2014	May 15, 2014 (in effect October 1, 2014)	December 30, 2013	January 1, 2015	March 12, 2014	November 8, 2013
Exemption from federal registration relied upon (see Note 1 below)	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Rule 504 of Regulation D	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act	Section 3(a)(11) of the Securities Act
Companies permitted to use the exemption	Only available to companies organized and doing business in the state;	Only available to companies organized and who have their principal office	Only available to companies organized and doing business in the state;	Only available to companies: • organized and doing business in the state;	Only available to companies organized and doing business in the state;	Only available to companies organized and doing business in the state;	Available to foreign organized companies as well as those organized	Only available to companies organized and doing business in the state	Only available to companies organized and doing business in the state;	Only available to companies organized and doing business in the state;	Only available to companies organized and doing business in the state	Only available to companies organized and doing business in the state;

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	excludes investment companies, SEC reporting companies, or blank check companies	and the majority of its full-time employees in the state and where at least 80% of the net proceeds from the offering are to be used in the state	excludes investment companies, SEC reporting companies, or blank check companies	<ul style="list-style-type: none"> • who have at least 80% of their assets in the state prior to the offering; and • who will use at least 80% of the offering proceeds in the state; <p>excludes sole proprietorships, general partnerships, investment companies, SEC reporting companies, or blank check companies</p>	excludes investment companies, SEC reporting companies, or blank check companies	excludes investment companies, SEC reporting companies, or blank check companies	in the state, but must be doing business in the state; excludes SEC reporting companies or blank check companies		excludes investment companies, SEC reporting companies, or blank check companies	excludes investment companies, SEC reporting companies, or blank check companies		excludes investment companies, SEC reporting companies, or blank check companies
Aggregate annual sales limit	\$1,000,000	\$1,000,000	\$1,000,000	\$2,000,000	Limited to: - \$2,000,000 if issuer provides independently audited financial statements; <u>OR</u> - \$1,000,000	\$1,000,000	\$1,000,000	\$100,000	Limited to: - \$2,000,000 if issuer provides independently audited financial statements; <u>OR</u> - \$1,000,000	\$1,000,000	\$1,000,000	Limited to: - \$2,000,000 if issuer provides independently audited financial statements; <u>OR</u> - \$1,000,000
State registration requirements	Form CF1 filed not less than 10 days before any general solicitation or within fifteen days after the first sale of a security	Form RL and Consent to Service of Process filed before any general solicitation in the state	Form GA-1 filed before any general solicitation or the twenty-fifth sale of a security	Must file with DOF before any general solicitation: <ul style="list-style-type: none"> • Notification of intent to rely on exemption; • Issuer Information; • Names of all persons involved with the offering; • Name of escrowee institution; 	Filing required at least 10 days before any offer on the SEC Form D	Form IKE filed before any general solicitation or the twenty-fifth sale of a security	Short form registration statement; Form D required to be filed with the SEC	Notice required but rules not finalized	Filing required at least 10 days before any offer is made or any general solicitation	Must file with Commissioner before any general solicitation: <ul style="list-style-type: none"> • Notification of intent to rely on exemption; • Issuer Information; • Names of all persons involved with the offering; • Name of escrowee institution; 	Notice required but rules not finalized	Filing required at least 10 days before any offer is made

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				tution; • Copies of Business Plan, PPM (and all other docs. Given to investors) and all adv. materials; • Balance and Income Statements in accordance with GAAP						tution		
Internet Offering Portal requirements or restrictions (see Note 2 below)	Silent as to use of Internet Offering Portal	Silent as to use of Internet Offering Portal	Silent as to use of Internet Offering Portal	Silent as to use of Internet Offering Portal	Offering is made exclusively through one or more Internet Offering Portals	Silent as to use of Internet Offering Portal	Silent as to use of Internet Offering Portal	Silent as to use of Internet Offering Portal	Offering may be made through an Internet Offering Portal	Silent as to use of Internet Offering Portals	Offering may be made through an Internet Offering Portal	Offering is made exclusively through one or more Internet Offering Portals
	Silent as to required registration of Offering Portal as broker-dealer	Silent as to required registration of Offering Portal as broker-dealer	Offering Portal not required to register as a broker-dealer if all applicable conditions met	Silent as to required registration of Offering Portal as broker-dealer	Offering Portal not required to register as a broker-dealer if all applicable conditions met	Silent as to required registration of Offering Portal as broker-dealer	Silent as to required registration of Offering Portal as broker-dealer	Silent as to required registration of Offering Portal as broker-dealer	Offering Portal not required to register as a broker-dealer if all applicable conditions met	Silent as to required registration of Offering Portal as broker-dealer	Silent as to required registration of Offering Portal as broker-dealer	Offering Portal not required to register as a broker-dealer if all applicable conditions met
Escrowee requirements or restrictions	Funds must be deposited with escrowee authorized to transact business in the state until minimum offering amount satisfied	Not specifically required	Funds must be deposited with escrowee authorized to transact business in the state until minimum offering amount satisfied	Funds must be deposited with escrowee authorized to transact business in the state until minimum offering amount satisfied	Funds must be deposited with escrowee authorized to transact business in the state until minimum offering amount satisfied	Not specifically required	Not specifically required; provided however, issuer must segregate offering funds in separate account until minimum offering amount satisfied	Not specifically required	Funds must be deposited with escrowee located in the state until minimum offering amount satisfied	Funds must be deposited with escrowee authorized to transact business in the state until minimum offering amount satisfied	Not specifically required	Funds must be deposited with escrowee chartered in the state until minimum offering amount satisfied
Annual Investment/Sale Limitations (per Issuer to an Investor) per issue annual investor limits	Limited to \$5,000 per investor, unless investor qualifies as an Accredited investor under Rule 501 of Regulation D	Silent on per-issuer investment limitations	Limited to \$10,000 per investor, unless investor qualifies as an Accredited investor under Rule 501 of Regulation D	Limited to lesser of \$2,500 per investor or 10% of the investor's net worth (excluding home, auto and furnishings), unless investor	Limited to \$5,000 per investor, unless investor qualifies as an Accredited investor under Rule 501 of Regulation D	Limited to \$1,000 per investor, unless investor qualifies as an Accredited investor under Rule 501 of Regulation D	Limited to \$5,000 per investor, unless investor qualifies as an Accredited investor under Rule 501 of Regulation D	Limited to \$100 per investor/per issuer, unless investor qualifies as an Accredited investor under Rule 501 of Regulation D	Limited to \$10,000 per investor, unless investor qualifies as an Accredited investor under Rule 501 of Regulation D	Limited to \$10,000 per investor, unless investor qualifies as an Accredited investor under Rule 501 of Regulation D	Limited to: - the greater of \$2,000 or 5% of the investor's income or net worth, <u>IF</u> the investor's income or net	Limited to \$10,000 per investor, unless investor qualifies as an Accredited investor under Rule 501 of Regulation D or a Cer-

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Required disclosure to investors (see Note 3 below)				qualifies as an Accredited investor under Rule 501 of Regulation D							worth is less than \$100,000; <u>OR</u> - 10% of the investor's income or net worth up to \$100,000, <u>IF</u> the investor's income or net worth is greater than \$100,000	tified Investor under Wis. Stat. § 551.102(4m)
	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Any other information material to the offering 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Identifying information about every officer and director of the issuer Amount of authorized and issued securities of the issuer Identification of solicitors and intermediaries, along with compensation Any other in- 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Any other information material to the offering 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Financial condition (incl. Financial statements certified by Issuer executive and prepared in accordance with GAAP) Target amount and deadline Valuation Current capitalization of the issuer Any other in- 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Target amount and deadline Identification of solicitors and intermediaries, along with compensation Current litigation or legal proceedings Any other information material to the offering Any other in- 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Any other information material to the offering 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Financial condition (incl. Financial statements certified by Issuer executive, reviewed by CPA, or audited by CPA for raises of less than \$100,000, between \$100,000 and \$500,000, and greater than \$500,000, respectively) Target amount 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Any other information material to the offering 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Target amount and deadline Identification of solicitors and intermediaries, along with compensation Current litigation or legal proceedings Any other information material to the offering 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Identification of solicitors and intermediaries Bank information for bank that will hold proceeds from the sale of the security Current litigation or legal proceedings Any other information material to the offering 	<ul style="list-style-type: none"> Identifying information about, and description of, the Issuer Restriction on transfer Intended use of proceeds Risks to purchasers Restriction on transfer Terms of Securities <p><u>AND</u></p> <ul style="list-style-type: none"> Current litigation or legal proceedings Any other information material to the offering Current litigation or legal proceedings Any other information material to the offering 	

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		formation material to the offering		material to the offering	offering		and deadline •Valuation •Current capitalization of the issuer •Any other information material to the offering					
Restrictions on advertising and communications	General solicitation permitted after filing Form CF1	General solicitation permitted after filing Form RL	General solicitation permitted after filing Form GA-1	Silent	Public communication restricted to Internet site	General solicitation permitted after filing Form IKE	Silent	Silent	General solicitation permitted after filing with state	Silent	Silent	General solicitation permitted after filing with state
Ongoing reporting requirements	Silent	Silent	Silent	Silent	Quarterly reports to investors and the state covering business operations, financial condition, and compensation to directors and officers	Silent	Silent	Silent	Quarterly reports to investors covering business operations, financial condition, and compensation to directors and officers	Silent	Quarterly reports to investors covering business operations, financial condition, and compensation to directors and officers	Quarterly reports to investors covering business operations, financial condition, and compensation to directors and officers
Disqualification from exemption	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))	Bad Actor disqualification (Same Defn. as Rule 506(d))
Applicable state securities law anti-fraud liability	Potential liabilities include § 8-6-18 and § 8-6-19 of the Alabama Securities Act	Potential liabilities include § 11-53-109 and § 11-53-204 of the Colorado Securities Act	Potential liabilities include § 10-5-13, § 10-5-14 and § 10-5-24 of the Georgia Securities Act	Potential liabilities include § 30-14-508 and § 30-14-509 of the Idaho Code	Potential liabilities include § 23-19-5 of the Indiana Uniform Securities Act	Potential liabilities include § 17-12a508 or § 17-12a509 of the Kansas Securities Act	Potential liabilities include Title 32 § 16508 or Title 32 § 16509 of the Maine Revised Statutes	Potential liabilities include § 11-703 and § 11-705 of the Maryland Securities Act	Potential liabilities include § 451.2508 and § 451.2509 of the Michigan Uniform Securities Act	Potential liabilities include § 48-2-122 and § 48-2-123 of the Tennessee Securities Act	Potential liabilities include § 21.20.400, § 21.20.420, and § 21.20.430 of the Washington Securities Act	Potential liabilities include § 551.58 and § of the Wisconsin Securities Act

1. The Section 3(a)(11) exemption from federal registration is generally known as the "intrastate offering exemption." SEC Rule 147 provides a safe harbor from federal regulation for issuers relying on the Section 3(a)(11) intrastate offering exemption. To qualify for this exemption, the company must: (1) be organized in the state where it is offering the securities; (2) carry out a significant amount of its business in that state; and (3) make offers and sales only to residents of that state. For instance, a corporation organized under the laws of Delaware and does business in Georgia would not qualify for the exemption. Additionally, issuers engaging in general solicitation under the exemptions must take care that they do not make offers of securities outside the state.
2. The SEC has recently provided guidance on compliance with use of the internet for intrastate offerings. See SEC Securities Act Compliance and Disclosure Interpretations ("CD&Is") questions 141.03, 141.04, 141.05, <http://www.sec.gov/divisions/corpfin/guidance/securitiesactrules-interps.htm>. Of note, any online solicitation, whether done by the issuer or third-party investment platform, must be restricted to intrastate offerees
3. Some identified "disclosures" may represent best practice suggestions rather than statutorily required disclosures.