

1                   A bill to be entitled  
2           An act relating to the offer or sale of securities;  
3           amending s. 517.021, F.S.; conforming a cross-  
4           reference; defining the term "intermediary" for  
5           purposes of the Florida Securities and Investor  
6           Protection Act; amending s. 517.061, F.S.; exempting  
7           offers or sales of securities by certain issuers from  
8           registration requirements; creating s. 517.0611, F.S.;  
9           providing a short title; exempting the intrastate  
10          offering and sale of certain securities from certain  
11          regulatory requirements; providing applicability;  
12          providing registration and reporting requirements for  
13          issuers and intermediaries offering such securities;  
14          providing for deposit of fees; limiting the aggregate  
15          amount of sales of such securities within a specified  
16          period; limiting the aggregate amount of sales to  
17          specified investors; requiring a qualified third party  
18          to hold certain funds in escrow; authorizing the  
19          Financial Services Commission to adopt rules; amending  
20          s. 517.12, F.S.; providing registration requirements  
21          for an intermediary; conforming a cross-reference;  
22          amending s. 517.121, F.S.; requiring an intermediary  
23          to comply with specified recordkeeping requirements;  
24          amending s. 626.9911, F.S.; conforming a cross-  
25          reference; providing an appropriation; providing an  
26          effective date.

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Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (9) of section 517.021, Florida Statutes, is amended, subsections (13) through (23) are renumbered as subsections (14) through (24), respectively, and a new subsection (13) is added to that section, to read:

517.021 Definitions.—When used in this chapter, unless the context otherwise indicates, the following terms have the following respective meanings:

(9) "Federal covered adviser" means a person who is registered or required to be registered under s. 203 of the Investment Advisers Act of 1940. The term "federal covered adviser" does not include any person who is excluded from the definition of investment adviser under subparagraphs (14) (b) 1.-8. ~~(13) (b) 1.-8.~~

(13) "Intermediary" means a natural person residing in the state or a corporation, trust, partnership, association, or other legal entity registered with the Secretary of State to do business in the state, which facilitates the offer or sale of securities under s. 517.0611.

Section 2. Section 517.061, Florida Statutes, is amended to read:

517.061 Exempt transactions.—Except as otherwise provided in s. 517.0611 for a transaction listed in subsection (21), the exemption for each transaction listed below is self-executing

53 and does not require any filing with the office before ~~prior to~~  
54 claiming the ~~such~~ exemption. Any person who claims entitlement  
55 to any of the exemptions bears the burden of proving such  
56 entitlement in any proceeding brought under this chapter. The  
57 registration provisions of s. 517.07 do not apply to any of the  
58 following transactions; however, such transactions are subject  
59 to the provisions of ss. 517.301, 517.311, and 517.312:

60 (1) At any judicial, executor's, administrator's,  
61 guardian's, or conservator's sale, or at any sale by a receiver  
62 or trustee in insolvency or bankruptcy, or any transaction  
63 incident to a judicially approved reorganization in which a  
64 security is issued in exchange for one or more outstanding  
65 securities, claims, or property interests.

66 (2) By or for the account of a pledgeholder or mortgagee  
67 selling or offering for sale or delivery in the ordinary course  
68 of business and not for the purposes of avoiding the provisions  
69 of this chapter, to liquidate a bona fide debt, a security  
70 pledged in good faith as security for such debt.

71 (3) The isolated sale or offer for sale of securities when  
72 made by or on behalf of a vendor not the issuer or underwriter  
73 of the securities, who, being the bona fide owner of such  
74 securities, disposes of her or his own property for her or his  
75 own account, and such sale is not made directly or indirectly  
76 for the benefit of the issuer or an underwriter of such  
77 securities or for the direct or indirect promotion of any scheme  
78 or enterprise with the intent of violating or evading any

79 provision of this chapter. For purposes of this subsection,  
80 isolated offers or sales include, but are not limited to, an  
81 isolated offer or sale made by or on behalf of a vendor of  
82 securities not the issuer or underwriter of the securities if:

83 (a) The offer or sale of securities is in a transaction  
84 satisfying all of the requirements of subparagraphs (11)(a)1.,  
85 2., 3., and 4. and paragraph (11)(b); or

86 (b) The offer or sale of securities is in a transaction  
87 exempt under s. 4(1) of the Securities Act of 1933, as amended.

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89 For purposes of this subsection, any person, including, without  
90 limitation, a promoter or affiliate of an issuer, shall not be  
91 deemed an underwriter, an issuer, or a person acting for the  
92 direct or indirect benefit of the issuer or an underwriter with  
93 respect to any securities of the issuer which she or he has  
94 owned beneficially for at least 1 year.

95 (4) The distribution by a corporation, trust, or  
96 partnership, actively engaged in the business authorized by its  
97 charter or other organizational articles or agreement, of  
98 securities to its stockholders or other equity security holders,  
99 partners, or beneficiaries as a stock dividend or other  
100 distribution out of earnings or surplus.

101 (5) The issuance of securities to such equity security  
102 holders or other creditors of a corporation, trust, or  
103 partnership in the process of a reorganization of such  
104 corporation or entity, made in good faith and not for the

105 | purpose of avoiding the provisions of this chapter, either in  
106 | exchange for the securities of such equity security holders or  
107 | claims of such creditors or partly for cash and partly in  
108 | exchange for the securities or claims of such equity security  
109 | holders or creditors.

110 |       (6) Any transaction involving the distribution of the  
111 | securities of an issuer exclusively among its own security  
112 | holders, including any person who at the time of the transaction  
113 | is a holder of any convertible security, any nontransferable  
114 | warrant, or any transferable warrant which is exercisable within  
115 | not more than 90 days of issuance, when no commission or other  
116 | remuneration is paid or given directly or indirectly in  
117 | connection with the sale or distribution of such additional  
118 | securities.

119 |       (7) The offer or sale of securities to a bank, trust  
120 | company, savings institution, insurance company, dealer,  
121 | investment company as defined by the Investment Company Act of  
122 | 1940, pension or profit-sharing trust, or qualified  
123 | institutional buyer as defined by rule of the commission in  
124 | accordance with Securities and Exchange Commission Rule 144A (17  
125 | C.F.R. s. 230.144(A) (a)), whether any of such entities is acting  
126 | in its individual or fiduciary capacity; provided that such  
127 | offer or sale of securities is not for the direct or indirect  
128 | promotion of any scheme or enterprise with the intent of  
129 | violating or evading any provision of this chapter.

130 |       (8) The sale of securities from one corporation to another

131 corporation provided that:

132 (a) The sale price of the securities is \$50,000 or more;

133 and

134 (b) The buyer and seller corporations each have assets of  
135 \$500,000 or more.

136 (9) The offer or sale of securities from one corporation  
137 to another corporation, or to security holders thereof, pursuant  
138 to a vote or consent of such security holders as may be provided  
139 by the articles of incorporation and the applicable corporate  
140 statutes in connection with mergers, share exchanges,  
141 consolidations, or sale of corporate assets.

142 (10) The issuance of notes or bonds in connection with the  
143 acquisition of real property or renewals thereof, if such notes  
144 or bonds are issued to the sellers of, and are secured by all or  
145 part of, the real property so acquired.

146 (11)(a) The offer or sale, by or on behalf of an issuer,  
147 of its own securities, which offer or sale is part of an  
148 offering made in accordance with all of the following  
149 conditions:

150 1. There are no more than 35 purchasers, or the issuer  
151 reasonably believes that there are no more than 35 purchasers,  
152 of the securities of the issuer in this state during an offering  
153 made in reliance upon this subsection or, if such offering  
154 continues for a period in excess of 12 months, in any  
155 consecutive 12-month period.

156 2. Neither the issuer nor any person acting on behalf of

157 the issuer offers or sells securities pursuant to this  
158 subsection by means of any form of general solicitation or  
159 general advertising in this state.

160 3. Prior to the sale, each purchaser or the purchaser's  
161 representative, if any, is provided with, or given reasonable  
162 access to, full and fair disclosure of all material information.

163 4. No person defined as a "dealer" in this chapter is paid  
164 a commission or compensation for the sale of the issuer's  
165 securities unless such person is registered as a dealer under  
166 this chapter.

167 5. When sales are made to five or more persons in this  
168 state, any sale in this state made pursuant to this subsection  
169 is voidable by the purchaser in such sale either within 3 days  
170 after the first tender of consideration is made by such  
171 purchaser to the issuer, an agent of the issuer, or an escrow  
172 agent or within 3 days after the availability of that privilege  
173 is communicated to such purchaser, whichever occurs later.

174 (b) The following purchasers are excluded from the  
175 calculation of the number of purchasers under subparagraph  
176 (a)1.:

177 1. Any relative or spouse, or relative of such spouse, of  
178 a purchaser who has the same principal residence as such  
179 purchaser.

180 2. Any trust or estate in which a purchaser, any of the  
181 persons related to such purchaser specified in subparagraph 1.,  
182 and any corporation specified in subparagraph 3. collectively

183 have more than 50 percent of the beneficial interest (excluding  
184 contingent interest).

185 3. Any corporation or other organization of which a  
186 purchaser, any of the persons related to such purchaser  
187 specified in subparagraph 1., and any trust or estate specified  
188 in subparagraph 2. collectively are beneficial owners of more  
189 than 50 percent of the equity securities or equity interest.

190 4. Any purchaser who makes a bona fide investment of  
191 \$100,000 or more, provided such purchaser or the purchaser's  
192 representative receives, or has access to, the information  
193 required to be disclosed by subparagraph (a)3.

194 5. Any accredited investor, as defined by rule of the  
195 commission in accordance with Securities and Exchange Commission  
196 Regulation 230.501 (17 C.F.R. s. 230.501).

197 (c)1. For purposes of determining which offers and sales  
198 of securities constitute part of the same offering under this  
199 subsection and are therefore deemed to be integrated with one  
200 another:

201 a. Offers or sales of securities occurring more than 6  
202 months prior to an offer or sale of securities made pursuant to  
203 this subsection shall not be considered part of the same  
204 offering, provided there are no offers or sales by or for the  
205 issuer of the same or a similar class of securities during such  
206 6-month period.

207 b. Offers or sales of securities occurring at any time  
208 after 6 months from an offer or sale made pursuant to this

209 subsection shall not be considered part of the same offering,  
210 provided there are no offers or sales by or for the issuer of  
211 the same or a similar class of securities during such 6-month  
212 period.

213 2. Offers or sales which do not satisfy the conditions of  
214 any of the provisions of subparagraph 1. may or may not be part  
215 of the same offering, depending on the particular facts and  
216 circumstances in each case. The commission may adopt a rule or  
217 rules indicating what factors should be considered in  
218 determining whether offers and sales not qualifying for the  
219 provisions of subparagraph 1. are part of the same offering for  
220 purposes of this subsection.

221 (d) Offers or sales of securities made pursuant to, and in  
222 compliance with, any other subsection of this section or any  
223 subsection of s. 517.051 shall not be considered part of an  
224 offering pursuant to this subsection, regardless of when such  
225 offers and sales are made.

226 (12) The sale of securities by a bank or trust company  
227 organized or incorporated under the laws of the United States or  
228 this state at a profit to such bank or trust company of not more  
229 than 2 percent of the total sale price of such securities;  
230 provided that there is no solicitation of this business by such  
231 bank or trust company where such bank or trust company acts as  
232 agent in the purchase or sale of such securities.

233 (13) An unsolicited purchase or sale of securities on  
234 order of, and as the agent for, another by a dealer registered

235 pursuant to the provisions of s. 517.12; provided that this  
236 exemption applies solely and exclusively to such registered  
237 dealers and does not authorize or permit the purchase or sale of  
238 securities on order of, and as agent for, another by any person  
239 other than a dealer so registered; and provided, further, that  
240 such purchase or sale is not directly or indirectly for the  
241 benefit of the issuer or an underwriter of such securities or  
242 for the direct or indirect promotion of any scheme or enterprise  
243 with the intent of violation or evading any provision of this  
244 chapter.

245 (14) The offer or sale of shares of a corporation which  
246 represent ownership, or entitle the holders of the shares to  
247 possession and occupancy, of specific apartment units in  
248 property owned by such corporation and organized and operated on  
249 a cooperative basis, solely for residential purposes.

250 (15) The offer or sale of securities under a bona fide  
251 employer-sponsored stock option, stock purchase, pension,  
252 profit-sharing, savings, or other benefit plan when offered only  
253 to employees of the sponsoring organization or to employees of  
254 its controlled subsidiaries.

255 (16) The sale by or through a registered dealer of any  
256 securities option if at the time of the sale of the option:

257 (a) The performance of the terms of the option is  
258 guaranteed by any dealer registered under the federal Securities  
259 Exchange Act of 1934, as amended, which guaranty and dealer are  
260 in compliance with such requirements or rules as may be approved

261 or adopted by the commission; or

262 (b) Such options transactions are cleared by the Options  
 263 Clearing Corporation or any other clearinghouse recognized by  
 264 the office; and

265 (c) The option is not sold by or for the benefit of the  
 266 issuer of the underlying security; and

267 (d) The underlying security may be purchased or sold on a  
 268 recognized securities exchange or is quoted on the National  
 269 Association of Securities Dealers Automated Quotation System;  
 270 and

271 (e) Such sale is not directly or indirectly for the  
 272 purpose of providing or furthering any scheme to violate or  
 273 evade any provisions of this chapter.

274 (17) (a) The offer or sale of securities, as agent or  
 275 principal, by a dealer registered pursuant to s. 517.12, when  
 276 such securities are offered or sold at a price reasonably  
 277 related to the current market price of such securities, provided  
 278 such securities are:

279 1. Securities of an issuer for which reports are required  
 280 to be filed by s. 13 or s. 15(d) of the Securities Exchange Act  
 281 of 1934, as amended;

282 2. Securities of a company registered under the Investment  
 283 Company Act of 1940, as amended;

284 3. Securities of an insurance company, as that term is  
 285 defined in s. 2(a)(17) of the Investment Company Act of 1940, as  
 286 amended;

287           4. Securities, other than any security that is a federal  
288 covered security pursuant to s. 18(b)(1) of the Securities Act  
289 of 1933 and is not subject to any registration or filing  
290 requirements under this act, which appear in any list of  
291 securities dealt in on any stock exchange registered pursuant to  
292 the Securities Exchange Act of 1934, as amended, and which  
293 securities have been listed or approved for listing upon notice  
294 of issuance by such exchange, and also all securities senior to  
295 any securities so listed or approved for listing upon notice of  
296 issuance, or represented by subscription rights which have been  
297 so listed or approved for listing upon notice of issuance, or  
298 evidences of indebtedness guaranteed by companies any stock of  
299 which is so listed or approved for listing upon notice of  
300 issuance, such securities to be exempt only so long as such  
301 listings or approvals remain in effect. The exemption provided  
302 for herein does not apply when the securities are suspended from  
303 listing approval for listing or trading.

304           (b) The exemption provided in this subsection does not  
305 apply if the sale is made for the direct or indirect benefit of  
306 an issuer or controlling persons of such issuer or if such  
307 securities constitute the whole or part of an unsold allotment  
308 to, or subscription or participation by, a dealer as an  
309 underwriter of such securities.

310           (c) This exemption shall not be available for any  
311 securities which have been denied registration pursuant to s.  
312 517.111. Additionally, the office may deny this exemption with

313 reference to any particular security, other than a federal  
314 covered security, by order published in such manner as the  
315 office finds proper.

316 (18) The offer or sale of any security effected by or  
317 through a person in compliance with s. 517.12(17).

318 (19) Other transactions defined by rules as transactions  
319 exempted from the registration provisions of s. 517.07, which  
320 rules the commission may adopt from time to time, but only after  
321 a finding by the office that the application of the provisions  
322 of s. 517.07 to a particular transaction is not necessary in the  
323 public interest and for the protection of investors because of  
324 the small dollar amount of securities involved or the limited  
325 character of the offering. In conjunction with its adoption of  
326 such rules, the commission may also provide in such rules that  
327 persons selling or offering for sale the exempted securities are  
328 exempt from the registration requirements of s. 517.12. No rule  
329 so adopted may have the effect of narrowing or limiting any  
330 exemption provided for by statute in the other subsections of  
331 this section.

332 (20) Any nonissuer transaction by a registered associated  
333 person of a registered dealer, and any resale transaction by a  
334 sponsor of a unit investment trust registered under the  
335 Investment Company Act of 1940, in a security of a class that  
336 has been outstanding in the hands of the public for at least 90  
337 days; provided, at the time of the transaction:

338 (a) The issuer of the security is actually engaged in

339 business and is not in the organization stage or in bankruptcy  
340 or receivership and is not a blank check, blind pool, or shell  
341 company whose primary plan of business is to engage in a merger  
342 or combination of the business with, or an acquisition of, any  
343 unidentified person;

344 (b) The security is sold at a price reasonably related to  
345 the current market price of the security;

346 (c) The security does not constitute the whole or part of  
347 an unsold allotment to, or a subscription or participation by,  
348 the broker-dealer as an underwriter of the security;

349 (d) A nationally recognized securities manual designated  
350 by rule of the commission or order of the office or a document  
351 filed with the Securities and Exchange Commission that is  
352 publicly available through the commission's electronic data  
353 gathering and retrieval system contains:

354 1. A description of the business and operations of the  
355 issuer;

356 2. The names of the issuer's officers and directors, if  
357 any, or, in the case of an issuer not domiciled in the United  
358 States, the corporate equivalents of such persons in the  
359 issuer's country of domicile;

360 3. An audited balance sheet of the issuer as of a date  
361 within 18 months before such transaction or, in the case of a  
362 reorganization or merger in which parties to the reorganization  
363 or merger had such audited balance sheet, a pro forma balance  
364 sheet; and

365 4. An audited income statement for each of the issuer's  
366 immediately preceding 2 fiscal years, or for the period of  
367 existence of the issuer, if in existence for less than 2 years  
368 or, in the case of a reorganization or merger in which the  
369 parties to the reorganization or merger had such audited income  
370 statement, a pro forma income statement; and

371 (e) The issuer of the security has a class of equity  
372 securities listed on a national securities exchange registered  
373 under the Securities Exchange Act of 1934 or designated for  
374 trading on the National Association of Securities Dealers  
375 Automated Quotation System, unless:

376 1. The issuer of the security is a unit investment trust  
377 registered under the Investment Company Act of 1940;

378 2. The issuer of the security has been engaged in  
379 continuous business, including predecessors, for at least 3  
380 years; or

381 3. The issuer of the security has total assets of at least  
382 \$2 million based on an audited balance sheet as of a date within  
383 18 months before such transaction or, in the case of a  
384 reorganization or merger in which parties to the reorganization  
385 or merger had such audited balance sheet, a pro forma balance  
386 sheet.

387 (21) The offer or sale of a security by an issuer  
388 conducted in accordance with s. 517.0611.

389 Section 3. Section 517.0611, Florida Statutes, is created  
390 to read:

391           517.0611 Intrastate crowdfunding.—  
 392           (1) This section may be cited as the "Florida Intrastate  
 393 Crowdfunding Act of 2015."  
 394           (2) Notwithstanding any other provision of this chapter,  
 395 an offer or sale of a security by an issuer is an exempt  
 396 transaction under s. 517.061 if the offer or sale is conducted  
 397 in accordance with this section. The exemption provided in this  
 398 section may not be used in conjunction with any other exemption  
 399 from registration requirements under this chapter.  
 400           (3) The offer or sale of securities under this section  
 401 must be conducted in accordance with the requirements of the  
 402 federal exemption for intrastate offerings in s. 3(a)(11) of the  
 403 Securities Act of 1933, 15 U.S.C. s. 77c(a)(11), and United  
 404 States Securities and Exchange Commission Rule 147, 17 C.F.R. s.  
 405 230.147, adopted pursuant to the Securities Act of 1933.  
 406           (4) An issuer must:  
 407           (a) Be a for-profit business entity formed under the laws  
 408 of the state, be registered with the Secretary of State,  
 409 maintain its principal place of business in the state, and  
 410 derive its revenues primarily from operations in the state.  
 411           (b) Conduct transactions for the offering through a  
 412 registered dealer or an intermediary registered under s.  
 413 517.12(20).  
 414           (c) Not be, either before or as a result of the offering,  
 415 an investment company as defined in s. 3 of the Investment  
 416 Company Act of 1940, 15 U.S.C. s. 80a-3, subject to the

417 reporting requirements of s. 13 or s. 15(d) of the Securities  
418 Exchange Act of 1934, 15 U.S.C. s. 78m or s. 78o(d), or be a  
419 company with an undefined business operation, a company that  
420 lacks a business plan, a company that lacks a stated investment  
421 goal for the funds being raised, or a company that plans to  
422 engage in a merger or acquisition with an unspecified business  
423 entity.

424 (d) Not be subject to a disqualification established by  
425 the commission or office or a disqualification described in s.  
426 517.1611 or United States Securities and Exchange Commission  
427 Rule 506(d), 17 C.F.R. 230.506(d), adopted pursuant to the  
428 Securities Act of 1933. Each director, officer, person occupying  
429 a similar status or performing a similar function, or person  
430 holding more than 20 percent of the shares of the issuer, is  
431 subject to this requirement.

432 (e) File a notice of the offering with the office, in  
433 writing or electronic form, in a format prescribed by commission  
434 rule, together with a nonrefundable filing fee of \$200. The  
435 filing fee shall be deposited into the Regulatory Trust Fund of  
436 the Department of Financial Services, Office of Financial  
437 Regulation. The commission may adopt rules establishing  
438 procedures for the deposit of fees and the filing of documents  
439 by electronic means if the procedures provide the office with  
440 the information and data required by this section. The office  
441 may revoke the filing of a notice under this paragraph if  
442 payment for the filing fee is by check or electronic

443 transmission of funds that is dishonored by the financial  
444 institution upon which the funds are drawn. A notice is  
445 effective upon receipt by the office of the form and filing fee,  
446 and the notice may be terminated by filing with the office a  
447 notice of such termination. The notice and offering expire 12  
448 months after filing the notice with the office. The notice must:

- 449 1. Be filed with the office at least 10 days before the  
450 issuer commences an offering of securities or the offering is  
451 displayed on a website of an intermediary, in reliance upon the  
452 exemption provided by this section.
- 453 2. Indicate that the issuer is conducting an offering in  
454 reliance upon the exemption provided by this section.
- 455 3. Contain the names and addresses of the issuer, all  
456 persons who will be involved in the offer or sale of securities  
457 on behalf of the issuer, and the federally insured financial  
458 institution authorized to do business in the state, in which  
459 investor funds will be deposited.
- 460 4. Include documentation verifying that the issuer is  
461 organized under the laws of the state and authorized to do  
462 business in the state.
- 463 5. Include the intermediary's website address.
- 464 6. Include the target offering amount.
- 465 7. Include an attestation that each control person of the  
466 issuer is not subject to disqualification under paragraph (c).

467  
468 A notice filed by an issuer under this section shall be

469 summarily suspended by the office if the issuer fails to provide  
470 to the office, within 30 days after a written request from the  
471 office, information required by this section or rules adopted  
472 under this section. The summary suspension shall remain in  
473 effect until the issuer submits the requested information to the  
474 office, pays a fine as prescribed by s. 517.221(3), and a final  
475 order is entered. For purposes of s. 120.60(6), failure to  
476 provide such information constitutes an immediate and serious  
477 danger to the public health, safety, and welfare. If the issuer  
478 fails to provide the requested information after 90 days, the  
479 office shall revoke the filing of the notice.

480 (f) Amend the notice form within 30 days after any  
481 information contained in the notice becomes inaccurate for any  
482 reason. The commission may require, by rule, an issuer who has  
483 filed a notice under this section to file amendments with the  
484 office.

485 (g) Execute an escrow agreement with a federally insured  
486 financial institution authorized to do business in the state for  
487 the deposit of investor funds, and ensure that all offering  
488 proceeds are provided to the issuer only when the aggregate  
489 capital raised from all investors is equal to or greater than  
490 the target offering amount.

491 (h) Allow an investor to cancel a commitment to invest  
492 within 3 business days before the offering deadline.

493 (i) Provide a disclosure statement to potential investors,  
494 with a copy to the office at the time of filing the notice,

495 containing material information about the issuer and the  
496 offering, including:

497 1. The name, legal status, physical address, and website  
498 address of the issuer.

499 2. The names of the directors, officers, and any person  
500 occupying a similar status or performing a similar function, and  
501 each person holding more than 20 percent of the shares of the  
502 issuer.

503 3. A description of the business of the issuer and the  
504 anticipated business plan of the issuer.

505 4. A description of the stated purpose and intended use of  
506 the proceeds of the offering.

507 5. The target offering amount, the deadline to reach the  
508 target offering amount, and regular updates regarding the  
509 progress of the issuer in meeting the target offering amount.

510 6. The price to the public of the securities or the method  
511 for determining the price.

512 7. A description of the ownership and capital structure of  
513 the issuer, including terms of the securities and how the terms  
514 may be modified.

515 8. A description of the financial condition of the issuer.

516 a. For offerings that, in combination with all other  
517 offerings of the issuer within the preceding 12-month period,  
518 have target offering amounts of \$100,000 or less, the  
519 description must include the most recent income tax return filed  
520 by the issuer, if any, and a financial statement that must be

521 certified by the principal executive officer of the issuer as  
522 true and complete in all material respects.

523 b. For offerings that, in combination with all other  
524 offerings of the issuer within the preceding 12-month period,  
525 have target offering amounts of more than \$100,000, but not more  
526 than \$500,000, the description must include financial statements  
527 prepared in accordance with generally accepted accounting  
528 principles and reviewed by a certified public accountant, as  
529 defined in s. 473.302, who is independent of the issuer.

530 c. For offerings that, in combination with all other  
531 offerings of the issuer within the preceding 12-month period,  
532 have target offering amounts of more than \$500,000, the  
533 description must include audited financial statements prepared  
534 in accordance with generally accepted accounting principles by a  
535 certified public accountant, as defined in s. 473.302, who is  
536 independent of the issuer, and other requirements as the  
537 commission may establish by rule.

538 9. The following statement in boldface, conspicuous type on  
539 the front page of the disclosure statement:

541 These securities are offered and will be sold in  
542 reliance upon an exemption from the registration  
543 requirements of federal and Florida securities laws.  
544 Consequently, neither the Federal Government nor the  
545 State of Florida have reviewed the accuracy or  
546 completeness of any offering materials. In making an

547 investment decision, investors must rely on their own  
548 examination of the issuer and the terms of the  
549 offering, including the merits and risks involved.  
550 These securities are subject to restrictions on  
551 transferability and resale and may not be transferred  
552 or resold except as specifically authorized by  
553 applicable federal and state securities laws.  
554 Investing in these securities involves a speculative  
555 risk, and investors should be able to bear the loss of  
556 their entire investment.

557  
558 (j) File with the office and provide to investors through  
559 the intermediary annual reports of the results of operations and  
560 financial statements of the issuer, subject to additional  
561 requirements as the commission may establish by rule.

562 (5) An intermediary must:

563 (a)1. Be registered as a dealer in accordance with s.  
564 517.12(6); or

565 2. Submit a nonrefundable filing fee of \$200 and submit an  
566 application for registration as an intermediary in accordance  
567 with s. 517.12(20), in a format prescribed by commission rule,  
568 specifying that the intermediary will conduct business as an  
569 intermediary in furtherance of an offering in reliance upon the  
570 exemption provided in this section. The filing fee shall be  
571 deposited into the Regulatory Trust Fund of the Department of  
572 Financial Services, Office of Financial Regulation.

573 (b) Not be subject to a disqualification established by  
574 the commission or office or a disqualification described in s.  
575 517.1611 or United States Securities and Exchange Commission  
576 Rule 506(d), 17 C.F.R. 230.506(d), adopted pursuant to the  
577 Securities Act of 1933. Each director, officer, control person  
578 of the issuer, any person occupying a similar status or  
579 performing a similar function, and each person holding more than  
580 20 percent of the shares of the intermediary is subject to this  
581 requirement.

582 (c) Take measures, as established by commission rule, to  
583 reduce the risk of fraud. Such measures shall include obtaining  
584 a background check and securities enforcement regulatory history  
585 check on each officer, director, and person holding more than 20  
586 percent of the outstanding equity of every issuer whose  
587 securities are offered by such person.

588 (d) Provide basic information on its website regarding the  
589 high risk of investment in and limitation on the resale of  
590 exempt securities and the potential for loss of an entire  
591 investment. The basic information shall include:

592 1. A description of the escrow agreement that the issuer  
593 has executed and the conditions for release of such funds to the  
594 issuer in accordance with the agreement and paragraph (4)(g).

595 2. A description of whether financial information provided  
596 by the issuer has been audited by an independent certified  
597 public accountant, as defined in s. 473.302.

598 (e) Obtain a zip code or residence address from each

599 potential investor who seeks to view information regarding  
600 specific investment opportunities, in order to confirm that the  
601 potential investor is a resident of the state.

602 (f) Obtain and verify, pursuant to commission rule, a  
603 valid Florida driver license number or identification card  
604 number from each investor, before purchase of a security, to  
605 confirm that the investor is a resident of the state.

606 (g) Obtain an affidavit from each investor stating that  
607 the investment being made by the investor is consistent with the  
608 income requirements of subsection (8).

609 (h) Deposit and release investor funds in escrow in  
610 accordance with paragraph (4) (g).

611 (i) Provide a monthly update for each offering, after the  
612 first full month after the date of the offering. The update must  
613 be accessible on the intermediary's website and must display the  
614 date and amount of each of sale of securities in the previous  
615 calendar month.

616 (j) Require each investor to certify in writing, and to  
617 include as part of such certification his or her signature, and  
618 his or her initials next to each paragraph of the certification,  
619 as follows:

620  
621 I understand and acknowledge that:

622  
623 I am investing in a high-risk, speculative business  
624 venture. I may lose all of my investment, and I can

625 afford the loss of my investment.

626

627 This offering has not been reviewed or approved by any  
628 state or federal securities commission or other  
629 regulatory authority and no regulatory authority has  
630 confirmed the accuracy or determined the adequacy of  
631 any disclosure made to me relating to this offering.

632

633 The securities I am acquiring in this offering are  
634 illiquid and are subject to possible dilution. There  
635 is no ready market for the sale of the securities. It  
636 may be difficult or impossible for me to sell or  
637 otherwise dispose of the securities, and I may be  
638 required to hold the securities indefinitely.

639

640 I may be subject to tax on my share of the taxable  
641 income and losses of the issuer, whether or not I have  
642 sold or otherwise disposed of my investment or  
643 received any dividends or other distributions from the  
644 issuer.

645

646 By entering into this transaction with the issuer, I  
647 am affirmatively representing myself as being a  
648 Florida resident at the time this contract is formed,  
649 and if this representation is subsequently shown to be  
650 false, the contract is void.

651  
652 If I resell any of the securities I am acquiring in  
653 this offering to a person that is not a Florida  
654 resident within 9 months after the closing of the  
655 offering, my contract with the issuer for the purchase  
656 of these securities is void.

657  
658 (k) Require each investor to answer questions  
659 demonstrating an understanding of the level of risk generally  
660 applicable to investments in startups, emerging businesses, and  
661 small issuers, and an understanding of the risk of illiquidity.

662 (l) Take reasonable steps to protect personal information  
663 collected from investors, as required by s. 501.171.

664 (m) Prohibit its directors and officers from having any  
665 financial interest in the issuer using its services.

666 (6) An intermediary may not:

667 (a) Offer investment advice or recommendations. A refusal  
668 by an intermediary to post an offering that it deems to not be  
669 credible or representing a potential for fraud shall not be  
670 construed as an offer of investment advice or recommendation.

671 (b) Solicit purchases, sales, or offers to buy securities  
672 offered or displayed on its website.

673 (c) Compensate employees, agents, or other persons for the  
674 solicitation of purchases, sales, or offers to buy the  
675 securities offered or displayed on its website.

676 (d) Hold, manage, possess, or otherwise handle investor

677 funds or securities.

678 (e) Compensate promoters, finders, or lead generators for  
679 providing the intermediary with the personal identifying  
680 information of any potential investor.

681 (f) Engage in any other activities set forth by commission  
682 rule.

683 (7) The sum of all cash and other consideration received  
684 for sales of a security under this section may not exceed \$1  
685 million, less the aggregate amount received for all sales of  
686 securities by the issuer within the 12 months preceding the  
687 first offer or sale made in reliance upon this exemption.

688 (8) Unless the investor is an accredited investor as  
689 defined by Rule 501 of Regulation D, adopted pursuant to the  
690 Securities Act of 1933, the aggregate amount sold by an issuer  
691 to an investor in transactions exempt from registration  
692 requirements under this subsection during the 12-month period  
693 preceding the date of such transaction may not exceed:

694 (a) The greater of \$2,000 or 5 percent of the annual  
695 income or net worth of such investor, if the annual income and  
696 the net worth of the investor is less than \$100,000.

697 (b) Ten percent of the annual income or net worth of such  
698 investor, not to exceed a maximum aggregate amount sold of  
699 \$100,000, if either the annual income or net worth of the  
700 investor exceeds \$100,000.

701 (9) All funds received from investors must be directed to  
702 the qualified third party designated to hold the funds and must

703 be used in accordance with representations made to investors by  
704 the intermediary. If an investor cancels a commitment to invest,  
705 the intermediary must direct the third party designated to hold  
706 the funds to promptly refund the funds of the investor.

707 (10) The commission may adopt rules to administer this  
708 section and to protect investors who purchase securities under  
709 this section

710 Section 4. Subsection (20) of section 517.12, Florida  
711 Statutes, is renumbered as subsection (21) and amended, and a  
712 new subsection (20) is added to that section, to read:

713 517.12 Registration of dealers, associated persons,  
714 intermediaries, and investment advisers.-

715 (20) An intermediary that has filed a registration  
716 application in accordance with this subsection may facilitate  
717 the offer or sale of securities in accordance with s. 517.0611.

718 (a) A registration application must consist of any  
719 information required by commission rule, together with a consent  
720 to service of process and a nonrefundable filing fee of \$200.  
721 The commission may adopt rules establishing procedures for the  
722 deposit of fees and the filing of documents by electronic means  
723 if the procedures provide the office with the information and  
724 data required by this section.

725 (b) The office may issue a permit as evidence of the  
726 effectiveness of an intermediary's registration.

727 (21) ~~(20)~~ The registration requirements of this section do  
728 not apply to any general lines insurance agent or life insurance

729 agent licensed under chapter 626, for the sale of a security as  
 730 defined in s. 517.021(22)(g) ~~517.021(21)(g)~~, if the individual  
 731 is directly authorized by the issuer to offer or sell the  
 732 security on behalf of the issuer and the issuer is a federally  
 733 chartered savings bank subject to regulation by the Federal  
 734 Deposit Insurance Corporation. Actions under this subsection  
 735 shall constitute activity under the insurance agent's license  
 736 for purposes of ss. 626.611 and 626.621.

737 Section 5. Subsections (1) and (2) of section 517.121,  
 738 Florida Statutes, are amended to read:

739 517.121 Books and records requirements; examinations.—

740 (1) A dealer, investment adviser, branch office, ~~or~~  
 741 associated person, or intermediary shall maintain such books and  
 742 records as the commission may prescribe by rule.

743 (2) The office shall, at intermittent periods, examine the  
 744 affairs and books and records of each registered dealer,  
 745 investment adviser, associated person, intermediary, or branch  
 746 office notice-filed with the office, or require such records and  
 747 reports to be submitted to it as required by rule of the  
 748 commission, to determine compliance with this act.

749 Section 6. Paragraph (b) of subsection (4) of section  
 750 626.9911, Florida Statutes, is amended to read:

751 626.9911 Definitions.—As used in this act, the term:

752 (4) "Life expectancy provider" means a person who  
 753 determines, or holds himself or herself out as determining, life  
 754 expectancies or mortality ratings used to determine life

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755 expectancies:

756 (b) In connection with a viatical settlement investment,  
757 pursuant to s. 517.021(24) ~~517.021(23)~~; or

758 Section 7. For the 2015-2016 fiscal year, the sum of  
759 \$120,000 in nonrecurring funds from the Regulatory Trust Fund of  
760 the Department of Financial Services is appropriated to the  
761 Office of Financial Regulation for the purpose of implementing  
762 this act.

763 Section 8. This act shall take effect October 1, 2015.