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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/31/2015	.	
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The Committee on Banking and Insurance (Richter) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

Section 1. Subsection (9) of section 517.021, Florida Statutes, is amended, subsections (13) through (23) are redesignated 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



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11 following respective meanings:

12 (9) "Federal covered adviser" means a person who is  
13 registered or required to be registered under s. 203 of the  
14 Investment Advisers Act of 1940. The term "federal covered  
15 adviser" does not include any person who is excluded from the  
16 definition of investment adviser under subparagraphs (14) (b) 1.-  
17 8. ~~(13) (b) 1.-8.~~

18 (13) "Intermediary" means a natural person residing in the  
19 state or a corporation, trust, partnership, association, or  
20 other legal entity registered with the Secretary of State to do  
21 business in the state which represents an issuer in a  
22 transaction involving the offer or sale of securities under s.  
23 517.061.

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

26 517.061 Exempt transactions.—Except as otherwise provided  
27 in s. 517.0611 for a transaction listed in subsection (21), the  
28 exemption for each transaction listed below is self-executing  
29 and does not require any filing with the office before ~~prior to~~  
30 claiming the ~~such~~ exemption. Any person who claims entitlement  
31 to any of the exemptions bears the burden of proving such  
32 entitlement in any proceeding brought under this chapter. The  
33 registration provisions of s. 517.07 do not apply to any of the  
34 following transactions; however, such transactions are subject  
35 to the provisions of ss. 517.301, 517.311, and 517.312:

36 (1) At any judicial, executor's, administrator's,  
37 guardian's, or conservator's sale, or at any sale by a receiver  
38 or trustee in insolvency or bankruptcy, or any transaction  
39 incident to a judicially approved reorganization in which a



40 security is issued in exchange for one or more outstanding  
41 securities, claims, or property interests.

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

47 (3) The isolated sale or offer for sale of securities when  
48 made by or on behalf of a vendor not the issuer or underwriter  
49 of the securities, who, being the bona fide owner of such  
50 securities, disposes of her or his own property for her or his  
51 own account, and such sale is not made directly or indirectly  
52 for the benefit of the issuer or an underwriter of such  
53 securities or for the direct or indirect promotion of any scheme  
54 or enterprise with the intent of violating or evading any  
55 provision of this chapter. For purposes of this subsection,  
56 isolated offers or sales include, but are not limited to, an  
57 isolated offer or sale made by or on behalf of a vendor of  
58 securities not the issuer or underwriter of the securities if:

59 (a) The offer or sale of securities is in a transaction  
60 satisfying all of the requirements of subparagraphs (11)(a)1.,  
61 2., 3., and 4. and paragraph (11)(b); or

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

64  
65 For purposes of this subsection, any person, including, without  
66 limitation, a promoter or affiliate of an issuer, shall not be  
67 deemed an underwriter, an issuer, or a person acting for the  
68 direct or indirect benefit of the issuer or an underwriter with



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69 respect to any securities of the issuer which she or he has  
70 owned beneficially for at least 1 year.

71 (4) The distribution by a corporation, trust, or  
72 partnership, actively engaged in the business authorized by its  
73 charter or other organizational articles or agreement, of  
74 securities to its stockholders or other equity security holders,  
75 partners, or beneficiaries as a stock dividend or other  
76 distribution out of earnings or surplus.

77 (5) The issuance of securities to such equity security  
78 holders or other creditors of a corporation, trust, or  
79 partnership in the process of a reorganization of such  
80 corporation or entity, made in good faith and not for the  
81 purpose of avoiding the provisions of this chapter, either in  
82 exchange for the securities of such equity security holders or  
83 claims of such creditors or partly for cash and partly in  
84 exchange for the securities or claims of such equity security  
85 holders or creditors.

86 (6) Any transaction involving the distribution of the  
87 securities of an issuer exclusively among its own security  
88 holders, including any person who at the time of the transaction  
89 is a holder of any convertible security, any nontransferable  
90 warrant, or any transferable warrant which is exercisable within  
91 not more than 90 days of issuance, when no commission or other  
92 remuneration is paid or given directly or indirectly in  
93 connection with the sale or distribution of such additional  
94 securities.

95 (7) The offer or sale of securities to a bank, trust  
96 company, savings institution, insurance company, dealer,  
97 investment company as defined by the Investment Company Act of



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98 1940, pension or profit-sharing trust, or qualified  
99 institutional buyer as defined by rule of the commission in  
100 accordance with Securities and Exchange Commission Rule 144A (17  
101 C.F.R. s. 230.144(A) (a)), whether any of such entities is acting  
102 in its individual or fiduciary capacity; provided that such  
103 offer or sale of securities is not for the direct or indirect  
104 promotion of any scheme or enterprise with the intent of  
105 violating or evading any provision of this chapter.

106 (8) The sale of securities from one corporation to another  
107 corporation provided that:

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

110 (b) The buyer and seller corporations each have assets of  
111 \$500,000 or more.

112 (9) The offer or sale of securities from one corporation to  
113 another corporation, or to security holders thereof, pursuant to  
114 a vote or consent of such security holders as may be provided by  
115 the articles of incorporation and the applicable corporate  
116 statutes in connection with mergers, share exchanges,  
117 consolidations, or sale of corporate assets.

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

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

125 1. There are no more than 35 purchasers, or the issuer  
126 reasonably believes that there are no more than 35 purchasers,



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127 of the securities of the issuer in this state during an offering  
128 made in reliance upon this subsection or, if such offering  
129 continues for a period in excess of 12 months, in any  
130 consecutive 12-month period.

131 2. Neither the issuer nor any person acting on behalf of  
132 the issuer offers or sells securities pursuant to this  
133 subsection by means of any form of general solicitation or  
134 general advertising in this state.

135 3. Before ~~Prior to~~ the sale, each purchaser or the  
136 purchaser's representative, if any, is provided with, or given  
137 reasonable access to, full and fair disclosure of all material  
138 information.

139 4. No person defined as a "dealer" in this chapter is paid  
140 a commission or compensation for the sale of the issuer's  
141 securities unless such person is registered as a dealer under  
142 this chapter.

143 5. When sales are made to five or more persons in this  
144 state, any sale in this state made pursuant to this subsection  
145 is voidable by the purchaser in such sale either within 3 days  
146 after the first tender of consideration is made by such  
147 purchaser to the issuer, an agent of the issuer, or an escrow  
148 agent or within 3 days after the availability of that privilege  
149 is communicated to such purchaser, whichever occurs later.

150 (b) The following purchasers are excluded from the  
151 calculation of the number of purchasers under subparagraph  
152 (a)1.:

153 1. Any relative or spouse, or relative of such spouse, of a  
154 purchaser who has the same principal residence as such  
155 purchaser.



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156           2. Any trust or estate in which a purchaser, any of the  
157 persons related to such purchaser specified in subparagraph 1.,  
158 and any corporation specified in subparagraph 3. collectively  
159 have more than 50 percent of the beneficial interest (excluding  
160 contingent interest).

161           3. Any corporation or other organization of which a  
162 purchaser, any of the persons related to such purchaser  
163 specified in subparagraph 1., and any trust or estate specified  
164 in subparagraph 2. collectively are beneficial owners of more  
165 than 50 percent of the equity securities or equity interest.

166           4. Any purchaser who makes a bona fide investment of  
167 \$100,000 or more, provided such purchaser or the purchaser's  
168 representative receives, or has access to, the information  
169 required to be disclosed by subparagraph (a)3.

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

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

177           a. Offers or sales of securities occurring more than 6  
178 months before ~~prior to~~ an offer or sale of securities made  
179 pursuant to this subsection shall not be considered part of the  
180 same offering, provided there are no offers or sales by or for  
181 the issuer of the same or a similar class of securities during  
182 such 6-month period.

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



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

189         2. Offers or sales which do not satisfy the conditions of  
190 any of the provisions of subparagraph 1. may or may not be part  
191 of the same offering, depending on the particular facts and  
192 circumstances in each case. The commission may adopt a rule or  
193 rules indicating what factors should be considered in  
194 determining whether offers and sales not qualifying for the  
195 provisions of subparagraph 1. are part of the same offering for  
196 purposes of this subsection.

197         (d) Offers or sales of securities made pursuant to, and in  
198 compliance with, any other subsection of this section or any  
199 subsection of s. 517.051 shall not be considered part of an  
200 offering pursuant to this subsection, regardless of when such  
201 offers and sales are made.

202         (12) The sale of securities by a bank or trust company  
203 organized or incorporated under the laws of the United States or  
204 this state at a profit to such bank or trust company of not more  
205 than 2 percent of the total sale price of such securities;  
206 provided that there is no solicitation of this business by such  
207 bank or trust company where such bank or trust company acts as  
208 agent in the purchase or sale of such securities.

209         (13) An unsolicited purchase or sale of securities on order  
210 of, and as the agent for, another by a dealer registered  
211 pursuant to the provisions of s. 517.12; provided that this  
212 exemption applies solely and exclusively to such registered  
213 dealers and does not authorize or permit the purchase or sale of





214 securities on order of, and as agent for, another by any person  
215 other than a dealer so registered; and provided, further, that  
216 such purchase or sale is not directly or indirectly for the  
217 benefit of the issuer or an underwriter of such securities or  
218 for the direct or indirect promotion of any scheme or enterprise  
219 with the intent of violation or evading any provision of this  
220 chapter.

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

226 (15) The offer or sale of securities under a bona fide  
227 employer-sponsored stock option, stock purchase, pension,  
228 profit-sharing, savings, or other benefit plan when offered only  
229 to employees of the sponsoring organization or to employees of  
230 its controlled subsidiaries.

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

233 (a) The performance of the terms of the option is  
234 guaranteed by any dealer registered under the federal Securities  
235 Exchange Act of 1934, as amended, which guaranty and dealer are  
236 in compliance with such requirements or rules as may be approved  
237 or adopted by the commission; or

238 (b) Such options transactions are cleared by the Options  
239 Clearing Corporation or any other clearinghouse recognized by  
240 the office; and

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



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243 (d) The underlying security may be purchased or sold on a  
244 recognized securities exchange or is quoted on the National  
245 Association of Securities Dealers Automated Quotation System;  
246 and

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

250 (17) (a) The offer or sale of securities, as agent or  
251 principal, by a dealer registered pursuant to s. 517.12, when  
252 such securities are offered or sold at a price reasonably  
253 related to the current market price of such securities, provided  
254 such securities are:

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

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

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

263 4. Securities, other than any security that is a federal  
264 covered security pursuant to s. 18(b)(1) of the Securities Act  
265 of 1933 and is not subject to any registration or filing  
266 requirements under this act, which appear in any list of  
267 securities dealt in on any stock exchange registered pursuant to  
268 the Securities Exchange Act of 1934, as amended, and which  
269 securities have been listed or approved for listing upon notice  
270 of issuance by such exchange, and also all securities senior to  
271 any securities so listed or approved for listing upon notice of



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272 issuance, or represented by subscription rights which have been  
273 so listed or approved for listing upon notice of issuance, or  
274 evidences of indebtedness guaranteed by companies any stock of  
275 which is so listed or approved for listing upon notice of  
276 issuance, such securities to be exempt only so long as such  
277 listings or approvals remain in effect. The exemption provided  
278 for herein does not apply when the securities are suspended from  
279 listing approval for listing or trading.

280 (b) The exemption provided in this subsection does not  
281 apply if the sale is made for the direct or indirect benefit of  
282 an issuer or controlling persons of such issuer or if such  
283 securities constitute the whole or part of an unsold allotment  
284 to, or subscription or participation by, a dealer as an  
285 underwriter of such securities.

286 (c) This exemption shall not be available for any  
287 securities which have been denied registration pursuant to s.  
288 517.111. Additionally, the office may deny this exemption with  
289 reference to any particular security, other than a federal  
290 covered security, by order published in such manner as the  
291 office finds proper.

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

294 (19) Other transactions defined by rules as transactions  
295 exempted from the registration provisions of s. 517.07, which  
296 rules the commission may adopt from time to time, but only after  
297 a finding by the office that the application of the provisions  
298 of s. 517.07 to a particular transaction is not necessary in the  
299 public interest and for the protection of investors because of  
300 the small dollar amount of securities involved or the limited



301 character of the offering. In conjunction with its adoption of  
302 such rules, the commission may also provide in such rules that  
303 persons selling or offering for sale the exempted securities are  
304 exempt from the registration requirements of s. 517.12. No rule  
305 so adopted may have the effect of narrowing or limiting any  
306 exemption provided for by statute in the other subsections of  
307 this section.

308 (20) Any nonissuer transaction by a registered associated  
309 person of a registered dealer, and any resale transaction by a  
310 sponsor of a unit investment trust registered under the  
311 Investment Company Act of 1940, in a security of a class that  
312 has been outstanding in the hands of the public for at least 90  
313 days; provided, at the time of the transaction:

314 (a) The issuer of the security is actually engaged in  
315 business and is not in the organization stage or in bankruptcy  
316 or receivership and is not a blank check, blind pool, or shell  
317 company whose primary plan of business is to engage in a merger  
318 or combination of the business with, or an acquisition of, any  
319 unidentified person;

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

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

325 (d) A nationally recognized securities manual designated by  
326 rule of the commission or order of the office or a document  
327 filed with the Securities and Exchange Commission that is  
328 publicly available through the commission's electronic data  
329 gathering and retrieval system contains:



- 330           1. A description of the business and operations of the  
331 issuer;
- 332           2. The names of the issuer's officers and directors, if  
333 any, or, in the case of an issuer not domiciled in the United  
334 States, the corporate equivalents of such persons in the  
335 issuer's country of domicile;
- 336           3. An audited balance sheet of the issuer as of a date  
337 within 18 months before such transaction or, in the case of a  
338 reorganization or merger in which parties to the reorganization  
339 or merger had such audited balance sheet, a pro forma balance  
340 sheet; and
- 341           4. An audited income statement for each of the issuer's  
342 immediately preceding 2 fiscal years, or for the period of  
343 existence of the issuer, if in existence for less than 2 years  
344 or, in the case of a reorganization or merger in which the  
345 parties to the reorganization or merger had such audited income  
346 statement, a pro forma income statement; and
- 347           (e) The issuer of the security has a class of equity  
348 securities listed on a national securities exchange registered  
349 under the Securities Exchange Act of 1934 or designated for  
350 trading on the National Association of Securities Dealers  
351 Automated Quotation System, unless:
- 352           1. The issuer of the security is a unit investment trust  
353 registered under the Investment Company Act of 1940;
- 354           2. The issuer of the security has been engaged in  
355 continuous business, including predecessors, for at least 3  
356 years; or
- 357           3. The issuer of the security has total assets of at least  
358 \$2 million based on an audited balance sheet as of a date within



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359 18 months before such transaction or, in the case of a  
360 reorganization or merger in which parties to the reorganization  
361 or merger had such audited balance sheet, a pro forma balance  
362 sheet.

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

365 Section 3. Section 517.0611, Florida Statutes, is created  
366 to read:

367 517.0611 Intrastate crowdfunding.—

368 (1) This section may be cited as the "Florida Intrastate  
369 Crowdfunding Exemption."

370 (2) Notwithstanding any other provision of this chapter, an  
371 offer or sale of a security by an issuer is an exempt  
372 transaction under s. 517.061 if the offer or sale is conducted  
373 in accordance with this section. The exemption provided in this  
374 section may not be used in conjunction with any other exemption  
375 under s. 517.051 or s.517.061.

376 (3) The offer or sale of securities under this section must  
377 be conducted in accordance with the requirements of the federal  
378 exemption for intrastate offerings in s. 3(a)(11) of the  
379 Securities Act of 1933, 15 U.S.C. s. 77c(a)(11), and United  
380 States Securities and Exchange Commission Rule 147, 17 C.F.R. s.  
381 230.147, adopted pursuant to the Securities Act of 1933.

382 (4) An issuer must:

383 (a) Be a for-profit business entity formed under the laws  
384 of this state, be registered with the Secretary of State,  
385 maintain its principal place of business in this state, and  
386 derive its revenues primarily from operations in this state.

387 (b) Conduct transactions for the offering through a dealer



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388 registered with the office or an intermediary registered under  
389 s. 517.12(20).

390 (c) Not be, either before or as a result of the offering,  
391 an investment company as defined in s. 3 of the Investment  
392 Company Act of 1940, 15 U.S.C. s. 80a-3, or subject to the  
393 reporting requirements of s. 13 or s. 15(d) of the Securities  
394 Exchange Act of 1934, 15 U.S.C. s. 78m or s. 78o(d).

395 (d) Not be a company with an undefined business operation,  
396 a company that lacks a business plan, a company that lacks a  
397 stated investment goal for the funds being raised, or a company  
398 that plans to engage in a merger or acquisition with an  
399 unspecified business entity.

400 (e) Not be subject to a disqualification established by the  
401 commission or office or a disqualification described in s.  
402 517.1611 or United States Securities and Exchange Commission  
403 Rule 506(d), 17 C.F.R. 230.506(d), adopted pursuant to the  
404 Securities Act of 1933. Each director, officer, person occupying  
405 a similar status or performing a similar function, or person  
406 holding more than 20 percent of the shares of the issuer, is  
407 subject to this requirement.

408 (f) Execute an escrow agreement with a federally insured  
409 financial institution authorized to do business in this state  
410 for the deposit of investor funds, and ensure that all offering  
411 proceeds are provided to the issuer only when the aggregate  
412 capital raised from all investors is equal to or greater than  
413 the target offering amount.

414 (g) Allow investors to cancel a commitment to invest within  
415 3 business days before the offering deadline, as stated in the  
416 disclosure statement, and issue refunds to all investors if the



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417 target offering amount is not reached by the offering deadline.  
418 (5) The issuer must file a notice of the offering with the  
419 office, in writing or in electronic form, in a format prescribed  
420 by commission rule, together with a nonrefundable filing fee of  
421 \$200. The commission may adopt rules establishing procedures for  
422 the deposit of fees and the filing of documents by electronic  
423 means if the procedures provide the office with the information  
424 and data required by this section. The office may revoke the  
425 filing of a notice under this subsection if payment for the  
426 filing fee is by check or electronic transmission of funds that  
427 is dishonored by the financial institution upon which the funds  
428 are drawn. A notice is effective upon receipt by the office of  
429 the completed form and filing fee, and the notice may be  
430 terminated by filing with the office a notice of termination.  
431 The notice and offering expire 12 months after filing the notice  
432 with the office and are not eligible for renewal. The notice  
433 must:  
434 (a) Be filed with the office at least 10 days before the  
435 issuer commences an offering of securities or the offering is  
436 displayed on a website of an intermediary in reliance upon the  
437 exemption provided by this section.  
438 (b) Indicate that the issuer is conducting an offering in  
439 reliance upon the exemption provided by this section.  
440 (c) Contain the name and contact information of the issuer.  
441 (d) Identify any predecessors, owners, officers, directors,  
442 and control persons or any person occupying a similar status or  
443 performing a similar function of the issuer, including that  
444 person's title, his or her status as a partner, trustee, sole  
445 proprietor or similar role, and his or her ownership percentage.





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446 (e) Identify the federally insured financial institution,  
447 authorized to do business in this state, in which investor funds  
448 will be deposited, in accordance with the escrow agreement.

449 (f) Require an attestation under oath that the issuer, its  
450 predecessors, affiliated issuers, directors, officers, and  
451 control persons, or any other person occupying a similar status  
452 or performing a similar function, are not currently and have not  
453 been within the past 10 years the subject of regulatory or  
454 criminal actions involving fraud or deceit.

455 (g) Include documentation verifying that the issuer is  
456 organized under the laws of this state and authorized to do  
457 business in this state.

458 (h) Include the intermediary's website address.

459 (i) Include the target offering amount.

460 (6) (a) A notice filed by an issuer under this section shall  
461 be summarily suspended by the office if the issuer fails to  
462 provide to the office, within 30 days after a written request  
463 from the office, information required by this section or rules  
464 adopted under this section. The summary suspension shall remain  
465 in effect until the issuer submits the requested information to  
466 the office, pays a fine as prescribed by s. 517.221(3), and a  
467 final order is entered. For purposes of s. 120.60(6), failure to  
468 provide such information constitutes an immediate and serious  
469 danger to the public health, safety, and welfare. If the issuer  
470 fails to provide the requested information after 90 days, the  
471 office shall revoke the filing of the notice.

472 (b) The issuer must amend the notice form within 30 days  
473 after any information contained in the notice becomes inaccurate  
474 for any reason. The commission may require, by rule, an issuer



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475 who has filed a notice under this section to file amendments  
476 with the office.

477 (7) The issuer must provide to investors and the dealer or  
478 intermediary, along with a copy to the office at the time the  
479 notice is filed, and make available to potential investors  
480 through the dealer or intermediary, a disclosure statement  
481 containing material information about the issuer and the  
482 offering, including:

483 (a) The name, legal status, physical address, and website  
484 address of the issuer.

485 (b) The names of the directors, officers, and any person  
486 occupying a similar status or performing a similar function, and  
487 the name of each person holding more than 20 percent of the  
488 shares of the issuer.

489 (c) A description of the business of the issuer and the  
490 anticipated business plan of the issuer.

491 (d) A description of the stated purpose and intended use of  
492 the proceeds of the offering.

493 (e) The target offering amount, the deadline to reach the  
494 target offering amount, and regular updates regarding the  
495 progress of the issuer in meeting the target offering amount.

496 (f) The price to the public of the securities or the method  
497 for determining the price, provided that before the sale each  
498 investor receives in writing the final price and all required  
499 disclosures, with an opportunity to rescind the commitment to  
500 purchase the securities.

501 (g) A description of the ownership and capital structure of  
502 the issuer, including:

503 1. Terms of the securities being offered and each class of



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504 security of the issuer, including how those terms may be  
505 modified, and a summary of the differences between such  
506 securities, including how the rights of the securities being  
507 offered may be materially limited, diluted, or qualified by  
508 rights of any other class of security of the issuer;

509 2. A description of how the exercise of the rights held by  
510 the principal shareholders of the issuer could negatively impact  
511 the purchasers of the securities being offered;

512 3. The name and ownership level of each existing  
513 shareholder who owns more than 20 percent of any class of the  
514 securities of the issuer;

515 4. How the securities being offered are being valued, and  
516 examples of methods of how such securities may be valued by the  
517 issuer in the future, including during subsequent corporate  
518 actions; and

519 5. The risks to purchasers of the securities relating to  
520 minority ownership in the issuer, the risks associated with  
521 corporate action, including additional issuances of shares, a  
522 sale of the issuer or of assets of the issuer, or transactions  
523 with related parties.

524 (h) A description of the financial condition of the issuer.

525 1. For offerings that, in combination with all other  
526 offerings of the issuer within the preceding 12-month period,  
527 have target offering amounts of \$100,000 or less, the  
528 description must include the most recent income tax return filed  
529 by the issuer, if any, and a financial statement that must be  
530 certified by the principal executive officer of the issuer as  
531 true and complete in all material respects.

532 2. For offerings that, in combination with all other



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533 offerings of the issuer within the preceding 12-month period,  
534 have target offering amounts of more than \$100,000, but not more  
535 than \$500,000, the description must include financial statements  
536 prepared in accordance with generally accepted accounting  
537 principles and reviewed by a certified public accountant, as  
538 defined in s. 473.302, who is independent of the issuer, using  
539 professional standards and procedures for such audit or  
540 standards and procedures established by the office, by rule, for  
541 such purpose.

542 3. For offerings that, in combination with all other  
543 offerings of the issuer within the preceding 12-month period,  
544 have target offering amounts of more than \$500,000, the  
545 description must include audited financial statements prepared  
546 in accordance with generally accepted accounting principles by a  
547 certified public accountant, as defined in s. 473.302, who is  
548 independent of the issuer, and other requirements as the  
549 commission may establish by rule.

550 (i) The following statement in boldface, conspicuous type  
551 on the front page of the disclosure statement:

552  
553 These securities are offered under and will be sold in reliance  
554 upon an exemption from the registration requirements of federal  
555 and Florida securities laws. Consequently, neither the Federal  
556 Government nor the State of Florida has reviewed the accuracy or  
557 completeness of any offering materials. In making an investment  
558 decision, investors must rely on their own examination of the  
559 issuer and the terms of the offering, including the merits and  
560 risks involved. These securities are subject to restrictions on  
561 transferability and resale and may not be transferred or resold



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562 except as specifically authorized by applicable federal and  
563 state securities laws. Investing in these securities involves a  
564 speculative risk, and investors should be able to bear the loss  
565 of their entire investment.

566 (8) The sum of all cash and other consideration received  
567 for sales of a security under this section may not exceed \$1  
568 million, less the aggregate amount received for all sales of  
569 securities by the issuer within the 12 months preceding the  
570 first offer or sale made in reliance upon this exemption. Offers  
571 or sales to a person owning 20 percent or more of the  
572 outstanding shares of any class or classes of securities or to  
573 an officer, director, partner, or trustee, or a person occupying  
574 a similar status, do not count toward this limitation.

575 (9) Unless the investor is an accredited investor as  
576 defined by Rule 501 of Regulation D, adopted pursuant to the  
577 Securities Act of 1933, the aggregate amount sold by an issuer  
578 to an investor in transactions exempt from registration  
579 requirements under this subsection in a 12-month period may not  
580 exceed:

581 (a) The greater of \$2,000 or 5 percent of the annual income  
582 or net worth of such investor, if the annual income or the net  
583 worth of the investor is less than \$100,000.

584 (b) Ten percent of the annual income or net worth of such  
585 investor, not to exceed a maximum aggregate amount sold of  
586 \$100,000, if either the annual income or net worth of the  
587 investor is equal to or exceeds \$100,000.

588 (10) The issuer shall file with the office and provide to  
589 investors free of charge an annual report of the results of  
590 operations and financial statements of the issuer within 45 days



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591 of its fiscal year end, until no securities under this offering  
592 are outstanding. The annual reports must meet the following  
593 requirements:

594 (a) Include an analysis by management of the issuer of the  
595 business operations and the financial condition of the issuer,  
596 and disclose the compensation received by each director,  
597 executive officer, and person having an ownership interest of 20  
598 percent or more of the issuer, including cash compensation  
599 earned since the previous report and on an annual basis, and any  
600 bonuses, stock options, other rights to receive securities of  
601 the issuer, or any affiliate of the issuer, or other  
602 compensation received.

603 (b) Disclose any material change to information contained  
604 in the disclosure statements which was not disclosed in a  
605 previous report.

606 (11) (a) A notice-filing under this section shall be  
607 summarily suspended by the office if the payment for the filing  
608 is dishonored by the financial institution upon which the funds  
609 are drawn. For purposes of s. 120.60(6), failure to pay the  
610 required notice filing fee constitutes an immediate and serious  
611 danger to the public health, safety, and welfare. The office  
612 shall enter a final order revoking a notice-filing in which the  
613 payment for the filing is dishonored by the financial  
614 institution upon which the funds are drawn.

615 (b) A notice-filing under this section shall be summarily  
616 suspended by the office if the issuer made a material false  
617 statement in the issuer's notice-filing. The summary suspension  
618 shall remain in effect until a final order is entered by the  
619 office. For purposes of s. 120.60(6), a material false statement



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620 made in the issuer's notice-filing constitutes an immediate and  
621 serious danger to the public health, safety, and welfare. If an  
622 issuer made a material false statement in the issuer's notice-  
623 filing, the office shall enter a final order revoking the  
624 notice-filing, issue a fine as prescribed by s. 517.221(3), and  
625 issue permanent bars under s. 517.221(4) to the issuer and all  
626 owners, officers, directors, and control persons, or any person  
627 occupying a similar status or performing a similar function of  
628 the issuer, including titles; status as a partner, trustee, sole  
629 proprietor, or similar roles; and ownership percentage.

630 (12) All fees collected under this section become the  
631 revenue of the state, except for those assessments provided for  
632 under s. 517.131(1) until such time as the Securities Guaranty  
633 Fund satisfies the statutory limits, and are not returnable in  
634 the event that a notice filing is withdrawn.

635 (13) An intermediary must:

636 (a)1. Be registered as a dealer in accordance with s.  
637 517.12(6); or

638 2. Submit a nonrefundable filing fee of \$200 and submit an  
639 application for registration as an intermediary in accordance  
640 with s. 517.12(20), in a format prescribed by commission rule,  
641 specifying that the intermediary will conduct business as an  
642 intermediary in furtherance of an offering in reliance upon the  
643 exemption provided in this section.

644 (b) Take measures, as established by commission rule, to  
645 reduce the risk of fraud with respect to transactions, including  
646 verifying that the issuer is in compliance with the requirements  
647 of this section and, if necessary, denying an issuer access to  
648 its platform if the intermediary believes it is unable to



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649 adequately assess the risk of fraud of the issuer or its  
650 potential offering.

651 (c) Provide basic information on its website regarding the  
652 high risk of investment in and limitation on the resale of  
653 exempt securities and the potential for loss of an entire  
654 investment. The basic information must include:

655 1. A description of the escrow agreement that the issuer  
656 has executed and the conditions for release of such funds to the  
657 issuer in accordance with the agreement and subsection (4).

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

661 (d) Obtain a zip code or residence address from each  
662 potential investor who seeks to view information regarding  
663 specific investment opportunities, in order to confirm that the  
664 potential investor is a resident of this state.

665 (e) Obtain and verify, pursuant to commission rule, a valid  
666 Florida driver license number or official identification card  
667 number from each investor before purchase of a security or other  
668 information, as defined by commission rule, to confirm that the  
669 investor is a resident of the state.

670 (f) Obtain an affidavit from each investor stating that the  
671 investment being made by the investor is consistent with the  
672 income requirements of subsection (9).

673 (g) Direct the release of investor funds in escrow in  
674 accordance with subsection (4).

675 (h) Direct investors to transmit funds directly to the  
676 financial institution designated in the escrow agreement to hold  
677 the funds for the benefit of the investor.





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678       (i) Provide a monthly update for each offering, after the  
679 first full month after the date of the offering. The update must  
680 be accessible on the intermediary's website and must display the  
681 date and amount of each sale of securities, and each  
682 cancellation of commitment to invest in the previous calendar  
683 month.

684       (j) Require each investor to certify in writing, including  
685 as part of such certification his or her signature and his or  
686 her initials next to each paragraph of the certification, as  
687 follows:

688  
689 I understand and acknowledge that:

690  
691 I am investing in a high-risk, speculative business venture. I  
692 may lose all of my investment, and I can afford the loss of my  
693 investment.

694  
695 This offering has not been reviewed or approved by any state or  
696 federal securities commission or other regulatory authority and  
697 no regulatory authority has confirmed the accuracy or determined  
698 the adequacy of any disclosure made to me relating to this  
699 offering.

700  
701 The securities I am acquiring in this offering are illiquid and  
702 are subject to possible dilution. There is no ready market for  
703 the sale of the securities. It may be difficult or impossible  
704 for me to sell or otherwise dispose of the securities, and I may  
705 be required to hold the securities indefinitely.

706



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707 I may be subject to tax on my share of the taxable income and  
708 losses of the issuer, whether or not I have sold or otherwise  
709 disposed of my investment or received any dividends or other  
710 distributions from the issuer.

711  
712 By entering into this transaction with the issuer, I am  
713 affirmatively representing myself as being a Florida resident at  
714 the time this contract is formed, and if this representation is  
715 subsequently shown to be false, the contract is void.

716  
717 If I resell any of the securities I am acquiring in this  
718 offering to a person that is not a Florida resident within 9  
719 months after the closing of the offering, my contract with the  
720 issuer for the purchase of these securities is void.

721  
722 (k) Require each investor to answer questions demonstrating  
723 an understanding of the level of risk generally applicable to  
724 investments in startups, emerging businesses, and small issuers,  
725 and an understanding of the risk of illiquidity.

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

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

730 (n) Implement written policies and procedures that are  
731 reasonably designed to achieve compliance with federal and state  
732 securities laws; comply with anti-money laundering requirements  
733 of 31 C.F.R. ch. X applicable to registered brokers; and comply  
734 with the privacy requirements of 17 C.F.R. 248 as they apply to  
735 brokers.



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736 (14) An intermediary not registered as a dealer under s.  
737 517.12(6) may not:

738 (a) Offer investment advice or recommendations. A refusal  
739 by an intermediary to post an offering that it deems not  
740 credible or that represents a potential for fraud may not be  
741 construed as an offer of investment advice or recommendation.

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

744 (c) Compensate employees, agents, or other persons for the  
745 solicitation or based on the sale of securities offered or  
746 displayed on its website.

747 (d) Hold, manage, possess, or otherwise handle investor  
748 funds or securities.

749 (e) Compensate promoters, finders, or lead generators for  
750 providing the intermediary with the personal identifying  
751 information of any potential investor.

752 (f) Engage in any other activities set forth by commission  
753 rule.

754 (15) All funds received from investors must be directed to  
755 the financial institution designated in the escrow agreement to  
756 hold the funds and must be used in accordance with  
757 representations made to investors by the intermediary. If an  
758 investor cancels a commitment to invest, the intermediary must  
759 direct the financial institution designated to hold the funds to  
760 promptly refund the funds of the investor.

761 Section 4. Section 517.12, Florida Statutes, is amended to  
762 read:

763 517.12 Registration of dealers, associated persons,  
764 intermediaries, and investment advisers.-



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765 (1) No dealer, associated person, or issuer of securities  
766 shall sell or offer for sale any securities in or from offices  
767 in this state, or sell securities to persons in this state from  
768 offices outside this state, by mail or otherwise, unless the  
769 person has been registered with the office pursuant to the  
770 provisions of this section. The office shall not register any  
771 person as an associated person of a dealer unless the dealer  
772 with which the applicant seeks registration is lawfully  
773 registered with the office pursuant to this chapter.

774 (2) The registration requirements of this section do not  
775 apply to the issuers of securities exempted by s. 517.051(1)-(8)  
776 and (10).

777 (3) Except as otherwise provided in s. 517.061(11)(a)4.,  
778 (13), (16), (17), or (19), the registration requirements of this  
779 section do not apply in a transaction exempted by s. 517.061(1)-  
780 (12), (14), and (15).

781 (4) No investment adviser or associated person of an  
782 investment adviser or federal covered adviser shall engage in  
783 business from offices in this state, or render investment advice  
784 to persons of this state, by mail or otherwise, unless the  
785 federal covered adviser has made a notice-filing with the office  
786 pursuant to s. 517.1201 or the investment adviser is registered  
787 pursuant to the provisions of this chapter and associated  
788 persons of the federal covered adviser or investment adviser  
789 have been registered with the office pursuant to this section.  
790 The office shall not register any person or an associated person  
791 of a federal covered adviser or an investment adviser unless the  
792 federal covered adviser or investment adviser with which the  
793 applicant seeks registration is in compliance with the notice-



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794 filing requirements of s. 517.1201 or is lawfully registered  
795 with the office pursuant to this chapter. A dealer or associated  
796 person who is registered pursuant to this section may render  
797 investment advice upon notification to and approval from the  
798 office.

799 (5) No dealer or investment adviser shall conduct business  
800 from a branch office within this state unless the branch office  
801 is notice-filed with the office pursuant to s. 517.1202.

802 (6) A dealer, associated person, or investment adviser, in  
803 order to obtain registration, must file with the office a  
804 written application, on a form which the commission may by rule  
805 prescribe. The commission may establish, by rule, procedures for  
806 depositing fees and filing documents by electronic means  
807 provided such procedures provide the office with the information  
808 and data required by this section. Each dealer or investment  
809 adviser must also file an irrevocable written consent to service  
810 of civil process similar to that provided for in s. 517.101. The  
811 application shall contain such information as the commission or  
812 office may require concerning such matters as:

813 (a) The name of the applicant and the address of its  
814 principal office and each office in this state.

815 (b) The applicant's form and place of organization; and, if  
816 the applicant is a corporation, a copy of its articles of  
817 incorporation and amendments to the articles of incorporation  
818 or, if a partnership, a copy of the partnership agreement.

819 (c) The applicant's proposed method of doing business and  
820 financial condition and history, including a certified financial  
821 statement showing all assets and all liabilities, including  
822 contingent liabilities of the applicant as of a date not more



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823 than 90 days prior to the filing of the application.

824 (d) The names and addresses of all associated persons of  
825 the applicant to be employed in this state and the offices to  
826 which they will be assigned.

827 (7) The application must also contain such information as  
828 the commission or office may require about the applicant; any  
829 member, principal, or director of the applicant or any person  
830 having a similar status or performing similar functions; any  
831 person directly or indirectly controlling the applicant; or any  
832 employee of a dealer or of an investment adviser rendering  
833 investment advisory services. Each applicant and any direct  
834 owners, principals, or indirect owners that are required to be  
835 reported on Form BD or Form ADV pursuant to subsection (15)  
836 shall submit fingerprints for live-scan processing in accordance  
837 with rules adopted by the commission. The fingerprints may be  
838 submitted through a third-party vendor authorized by the  
839 Department of Law Enforcement to provide live-scan  
840 fingerprinting. The costs of fingerprint processing shall be  
841 borne by the person subject to the background check. The  
842 Department of Law Enforcement shall conduct a state criminal  
843 history background check, and a federal criminal history  
844 background check must be conducted through the Federal Bureau of  
845 Investigation. The office shall review the results of the state  
846 and federal criminal history background checks and determine  
847 whether the applicant meets licensure requirements. The  
848 commission may waive, by rule, the requirement that applicants,  
849 including any direct owners, principals, or indirect owners that  
850 are required to be reported on Form BD or Form ADV pursuant to  
851 subsection (15), submit fingerprints or the requirement that



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852 such fingerprints be processed by the Department of Law  
853 Enforcement or the Federal Bureau of Investigation. The  
854 commission or office may require information about any such  
855 applicant or person concerning such matters as:

856 (a) His or her full name, and any other names by which he  
857 or she may have been known, and his or her age, social security  
858 number, photograph, qualifications, and educational and business  
859 history.

860 (b) Any injunction or administrative order by a state or  
861 federal agency, national securities exchange, or national  
862 securities association involving a security or any aspect of the  
863 securities business and any injunction or administrative order  
864 by a state or federal agency regulating banking, insurance,  
865 finance, or small loan companies, real estate, mortgage brokers,  
866 or other related or similar industries, which injunctions or  
867 administrative orders relate to such person.

868 (c) His or her conviction of, or plea of nolo contendere  
869 to, a criminal offense or his or her commission of any acts  
870 which would be grounds for refusal of an application under s.  
871 517.161.

872 (d) The names and addresses of other persons of whom the  
873 office may inquire as to his or her character, reputation, and  
874 financial responsibility.

875 (8) The commission or office may require the applicant or  
876 one or more principals or general partners, or natural persons  
877 exercising similar functions, or any associated person applicant  
878 to successfully pass oral or written examinations. Because any  
879 principal, manager, supervisor, or person exercising similar  
880 functions shall be responsible for the acts of the associated



881 persons affiliated with a dealer, the examination standards may  
882 be higher for a dealer, office manager, principal, or person  
883 exercising similar functions than for a nonsupervisory  
884 associated person. The commission may waive the examination  
885 process when it determines that such examinations are not in the  
886 public interest. The office shall waive the examination  
887 requirements for any person who has passed any tests as  
888 prescribed in s. 15(b)(7) of the Securities Exchange Act of 1934  
889 that relates to the position to be filled by the applicant.

890 (9)(a) All dealers, except securities dealers who are  
891 designated by the Federal Reserve Bank of New York as primary  
892 government securities dealers or securities dealers registered  
893 as issuers of securities, shall comply with the net capital and  
894 ratio requirements imposed pursuant to the Securities Exchange  
895 Act of 1934. The commission may by rule require a dealer to file  
896 with the office any financial or operational information that is  
897 required to be filed by the Securities Exchange Act of 1934 or  
898 any rules adopted under such act.

899 (b) The commission may by rule require the maintenance of a  
900 minimum net capital for securities dealers who are designated by  
901 the Federal Reserve Bank of New York as primary government  
902 securities dealers and securities dealers registered as issuers  
903 of securities and investment advisers, or prescribe a ratio  
904 between net capital and aggregate indebtedness, to assure  
905 adequate protection for the investing public. The provisions of  
906 this section shall not apply to any investment adviser that  
907 maintains its principal place of business in a state other than  
908 this state, provided such investment adviser is registered in  
909 the state where it maintains its principal place of business and





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910 is in compliance with such state's net capital requirements.

911 (10) An applicant for registration shall pay an assessment  
912 fee of \$200, in the case of a dealer or investment adviser, or  
913 \$50, in the case of an associated person. An associated person  
914 may be assessed an additional fee to cover the cost for the  
915 fingerprints to be processed by the office. Such fee shall be  
916 determined by rule of the commission. Such fees become the  
917 revenue of the state, except for those assessments provided for  
918 under s. 517.131(1) until such time as the Securities Guaranty  
919 Fund satisfies the statutory limits, and are not returnable in  
920 the event that registration is withdrawn or not granted.

921 (11) If the office finds that the applicant is of good  
922 repute and character and has complied with the provisions of  
923 this chapter and the rules made pursuant hereto, it shall  
924 register the applicant. The registration of each dealer,  
925 investment adviser, and associated person expires on December 31  
926 of the year the registration became effective unless the  
927 registrant has renewed his or her registration on or before that  
928 date. Registration may be renewed by furnishing such information  
929 as the commission may require, together with payment of the fee  
930 required in subsection (10) for dealers, investment advisers, or  
931 associated persons and the payment of any amount lawfully due  
932 and owing to the office pursuant to any order of the office or  
933 pursuant to any agreement with the office. Any dealer,  
934 investment adviser, or associated person who has not renewed a  
935 registration by the time the current registration expires may  
936 request reinstatement of such registration by filing with the  
937 office, on or before January 31 of the year following the year  
938 of expiration, such information as may be required by the



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939 commission, together with payment of the fee required in  
940 subsection (10) for dealers, investment advisers, or associated  
941 persons and a late fee equal to the amount of such fee. Any  
942 reinstatement of registration granted by the office during the  
943 month of January shall be deemed effective retroactive to  
944 January 1 of that year.

945 (12) (a) The office may issue a license to a dealer,  
946 investment adviser, or associated person to evidence  
947 registration under this chapter. The office may require the  
948 return to the office of any license it may issue prior to  
949 issuing a new license.

950 (b) Every dealer, investment adviser, or federal covered  
951 adviser shall promptly file with the office, as prescribed by  
952 rules adopted by the commission, notice as to the termination of  
953 employment of any associated person registered for such dealer  
954 or investment adviser in this state and shall also furnish the  
955 reason or reasons for such termination.

956 (c) Each dealer or investment adviser shall designate in  
957 writing to, and register with, the office a manager for each  
958 office the dealer or investment adviser has in this state.

959 (13) Changes in registration occasioned by changes in  
960 personnel of a partnership or in the principals, copartners,  
961 officers, or directors of any dealer or investment adviser or by  
962 changes of any material fact or method of doing business shall  
963 be reported by written amendment in such form and at such time  
964 as the commission may specify. In any case in which a person or  
965 a group of persons, directly or indirectly or acting by or  
966 through one or more persons, proposes to purchase or acquire a  
967 controlling interest in a registered dealer or investment



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968 adviser, such person or group shall submit an initial  
969 application for registration as a dealer or investment adviser  
970 prior to such purchase or acquisition. The commission shall  
971 adopt rules providing for waiver of the application required by  
972 this subsection where control of a registered dealer or  
973 investment adviser is to be acquired by another dealer or  
974 investment adviser registered under this chapter or where the  
975 application is otherwise unnecessary in the public interest.

976 (14) Every dealer or investment adviser registered or  
977 required to be registered or branch office notice-filed or  
978 required to be notice-filed with the office shall keep records  
979 of all currency transactions in excess of \$10,000 and shall file  
980 reports, as prescribed under the financial recordkeeping  
981 regulations in 31 C.F.R. part 103, with the office when  
982 transactions occur in or from this state. All reports required  
983 by this subsection to be filed with the office shall be  
984 confidential and exempt from s. 119.07(1) except that any law  
985 enforcement agency or the Department of Revenue shall have  
986 access to, and shall be authorized to inspect and copy, such  
987 reports.

988 (15) (a) In order to facilitate uniformity and streamline  
989 procedures for persons who are subject to registration or  
990 notification in multiple jurisdictions, the commission may adopt  
991 by rule uniform forms that have been approved by the Securities  
992 and Exchange Commission, and any subsequent amendments to such  
993 forms, if the forms are substantially consistent with the  
994 provisions of this chapter. Uniform forms that the commission  
995 may adopt to administer this section include, but are not  
996 limited to:



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- 997           1. Form BR, Uniform Branch Office Registration Form,  
998 adopted October 2005.
- 999           2. Form U4, Uniform Application for Securities Industry  
1000 Registration or Transfer, adopted October 2005.
- 1001           3. Form U5, Uniform Termination Notice for Securities  
1002 Industry Registration, adopted October 2005.
- 1003           4. Form ADV, Uniform Application for Investment Adviser  
1004 Registration, adopted October 2003.
- 1005           5. Form ADV-W, Notice of Withdrawal from Registration as an  
1006 Investment Adviser, adopted October 2003.
- 1007           6. Form BD, Uniform Application for Broker-Dealer  
1008 Registration, adopted July 1999.
- 1009           7. Form BDW, Uniform Request for Broker-Dealer Withdrawal,  
1010 adopted August 1999.
- 1011           (b) In lieu of filing with the office the applications  
1012 specified in subsection (6), the fees required by subsection  
1013 (10), the renewals required by subsection (11), and the  
1014 termination notices required by subsection (12), the commission  
1015 may by rule establish procedures for the deposit of such fees  
1016 and documents with the Central Registration Depository or the  
1017 Investment Adviser Registration Depository of the Financial  
1018 Industry Regulatory Authority, as developed under contract with  
1019 the North American Securities Administrators Association, Inc.
- 1020           (16) Except for securities dealers who are designated by  
1021 the Federal Reserve Bank of New York as primary government  
1022 securities dealers or securities dealers registered as issuers  
1023 of securities, every applicant for initial or renewal  
1024 registration as a securities dealer and every person registered  
1025 as a securities dealer shall be registered as a broker or dealer



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1026 with the Securities and Exchange Commission and shall be subject  
1027 to insurance coverage by the Securities Investor Protection  
1028 Corporation.

1029 (17) (a) A dealer that is located in Canada, does not have  
1030 an office or other physical presence in this state, and has made  
1031 a notice-filing in accordance with this subsection is exempt  
1032 from the registration requirements of this section and may  
1033 effect transactions in securities with or for, or induce or  
1034 attempt to induce the purchase or sale of any security by:

1035 1. A person from Canada who is present in this state and  
1036 with whom the Canadian dealer had a bona fide dealer-client  
1037 relationship before the person entered the United States; or

1038 2. A person from Canada who is present in this state and  
1039 whose transactions are in a self-directed, tax-advantaged  
1040 retirement plan in Canada of which the person is the holder or  
1041 contributor.

1042 (b) A notice-filing under this subsection must consist of  
1043 documents the commission by rule requires to be filed, together  
1044 with a consent to service of process and a nonrefundable filing  
1045 fee of \$200. The commission may establish by rule procedures for  
1046 the deposit of fees and the filing of documents to be made by  
1047 electronic means, if such procedures provide the office with the  
1048 information and data required by this section.

1049 (c) A Canadian dealer may make a notice-filing under this  
1050 subsection if the dealer provides to the office:

1051 1. A notice-filing in the form the commission requires by  
1052 rule.

1053 2. A consent to service of process.

1054 3. Evidence that the Canadian dealer is registered as a



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1055 dealer in the jurisdiction in which the dealer's main office is  
1056 located.

1057 4. Evidence that the Canadian dealer is a member of a self-  
1058 regulatory organization or stock exchange in Canada.

1059 (d) The office may issue a permit to evidence the  
1060 effectiveness of a notice-filing for a Canadian dealer.

1061 (e) A notice-filing is effective upon receipt by the  
1062 office. A notice-filing expires on December 31 of the year in  
1063 which the filing becomes effective unless the Canadian dealer  
1064 has renewed the filing on or before that date. A Canadian dealer  
1065 may annually renew a notice-filing by furnishing to the office  
1066 such information as the office requires together with a renewal  
1067 fee of \$200 and the payment of any amount due and owing the  
1068 office pursuant to any agreement with the office. Any Canadian  
1069 dealer who has not renewed a notice-filing by the time a current  
1070 notice-filing expires may request reinstatement of such notice-  
1071 filing by filing with the office, on or before January 31 of the  
1072 year following the year the notice-filing expires, such  
1073 information as the commission requires by rule, together with  
1074 the payment of \$200 and a late fee of \$200. A reinstatement of a  
1075 notice-filing granted by the office during the month of January  
1076 is effective retroactively to January 1 of that year.

1077 (f) An associated person who represents a Canadian dealer  
1078 who has made a notice-filing under this subsection is exempt  
1079 from the registration requirements of this section and may  
1080 effect transactions in securities in this state as permitted for  
1081 a dealer under paragraph (a) if such person is registered in the  
1082 jurisdiction from which he or she is effecting transactions into  
1083 this state.



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1084 (g) A Canadian dealer who has made a notice-filing under  
1085 this subsection shall:

1086 1. Maintain its provincial or territorial registration and  
1087 its membership in a self-regulatory organization or stock  
1088 exchange in good standing.

1089 2. Provide the office upon request with its books and  
1090 records relating to its business in this state as a dealer.

1091 3. Provide the office upon request notice of each civil,  
1092 criminal, or administrative action initiated against the dealer.

1093 4. Disclose to its clients in this state that the dealer  
1094 and its associated persons are not subject to the full  
1095 regulatory requirements under this chapter.

1096 5. Correct any inaccurate information within 30 days after  
1097 the information contained in the notice-filing becomes  
1098 inaccurate for any reason.

1099 (h) An associated person representing a Canadian dealer who  
1100 has made a notice-filing under this subsection shall:

1101 1. Maintain provincial or territorial registration in good  
1102 standing.

1103 2. Provide the office upon request with notice of each  
1104 civil, criminal, or administrative action initiated against such  
1105 person.

1106 (i) A notice-filing may be terminated by filing notice of  
1107 such termination with the office. Unless another date is  
1108 specified by the Canadian dealer, such notice is effective upon  
1109 receipt of the notice by the office.

1110 (j) All fees collected under this subsection become the  
1111 revenue of the state, except those assessments provided for  
1112 under s. 517.131(1), until the Securities Guaranty Fund has



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1113 satisfied the statutory limits. Such fees are not returnable if  
1114 a notice-filing is withdrawn.

1115 (18) Every dealer or associated person registered or  
1116 required to be registered with the office shall satisfy any  
1117 continuing education requirements established by rule pursuant  
1118 to law.

1119 (19) The registration requirements of this section which  
1120 apply to investment advisers and associated persons do not apply  
1121 to a commodity trading adviser who:

1122 (a) Is registered as such with the Commodity Futures  
1123 Trading Commission pursuant to the Commodity Exchange Act.

1124 (b) Advises or exercises trading discretion, with respect  
1125 to foreign currency options listed and traded exclusively on the  
1126 Philadelphia Stock Exchange, on behalf of an "appropriate  
1127 person" as defined by the Commodity Exchange Act.

1128  
1129 The exemption provided in this subsection does not apply to a  
1130 commodity trading adviser who engages in other activities that  
1131 require registration under this chapter.

1132 (20) An intermediary may not engage in business in this  
1133 state unless the intermediary is registered as a dealer under  
1134 this section or has filed a registration application as an  
1135 intermediary with the office to facilitate the offer or sale of  
1136 securities in accordance with s. 517.0611. An intermediary, in  
1137 order to obtain registration, must file with the office a  
1138 written application on a form prescribed by commission rule and  
1139 a registration fee of \$200. The commission may establish by rule  
1140 procedures for depositing fees and filing documents by  
1141 electronic means if such procedures provide the office with the





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1142 information and data required by this section. Each intermediary  
1143 must also file an irrevocable written consent to service of  
1144 civil process, as provided for in s. 517.101.

1145 (a) The application must contain such information as the  
1146 commission or office may require concerning:

1147 1. The name of the applicant and address of its principal  
1148 office and each office in this state.

1149 2. The applicant's form and place of organization; and if  
1150 the applicant is a corporation, a copy of its articles of  
1151 incorporation and amendments to the articles of incorporation  
1152 or, if a partnership, a copy of the partnership agreement.

1153 3. The website address where securities of the issuer will  
1154 be offered.

1155 4. Contact information.

1156 (b) The application must also contain such information as  
1157 the commission may require by rule about the applicant; any  
1158 member, principal, or director of the applicant or any person  
1159 having a similar status or performing similar functions; or any  
1160 persons directly or indirectly controlling the applicant. Each  
1161 applicant and any direct owners, principals, or indirect owners  
1162 that are required to be reported on a form adopted by commission  
1163 rule shall submit fingerprints for live-scan processing in  
1164 accordance with rules adopted by the commission. The  
1165 fingerprints may be submitted through a third-party vendor  
1166 authorized by the Department of Law Enforcement to provide live-  
1167 scan fingerprinting. The costs of fingerprint processing shall  
1168 be borne by the person subject to the background check. The  
1169 Department of Law Enforcement shall conduct a state criminal  
1170 history background check, and a federal criminal history



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1171 background check must be conducted through the Federal Bureau of  
1172 Investigation. The office shall review the results of the state  
1173 and federal criminal history background checks and determine  
1174 whether the applicant meets licensure requirements. The  
1175 commission may waive, by rule, the requirement that applicants,  
1176 including any direct owners, principals, or indirect owners,  
1177 that are required to be reported on a form adopted by commission  
1178 rule submit fingerprints or the requirement that such  
1179 fingerprints be processed by the Department of Law Enforcement  
1180 or the Federal Bureau of Investigation. The commission, by rule,  
1181 or the office may require information about any applicant or  
1182 person concerning such matters as:

1183 1. His or her full name and any other names by which he or  
1184 she may have been known and his or her age, social security  
1185 number, photograph, qualifications, and educational and business  
1186 history.

1187 2. Any injunction or administrative order by a state or  
1188 federal agency, national securities exchange, or national  
1189 securities association involving a security or any aspect of the  
1190 securities business and any injunction or administrative order  
1191 by a state or federal agency regulating banking, insurance,  
1192 finance, or small loan companies, real estate, mortgage brokers,  
1193 or other related or similar industries, which relate to such  
1194 person.

1195 3. His or her conviction of, or plea of nolo contendere to,  
1196 a criminal offense or his or her commission of any acts that  
1197 would be grounds for refusal of an application under s. 517.161.

1198 (c) The application must be amended within 30 days if any  
1199 information contained in the form becomes inaccurate for any



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1200 reason.

1201 (d) An intermediary or persons affiliated with the  
1202 intermediary may not be subject to any disqualification  
1203 described in s. 517.1611 or the United States Securities and  
1204 Exchange Commission Rule 506(d), 17 C.F.R. 230.506(d), adopted  
1205 pursuant to the Securities Act of 1933. Each director, officer,  
1206 control person of the issuer, any person occupying a similar  
1207 status or performing a similar function, and each person holding  
1208 more than 20 percent of the shares of the intermediary is  
1209 subject to this requirement.

1210 (e) If the office finds that the applicant is of good  
1211 repute and character and has complied with the provisions of  
1212 this chapter and the rules made pursuant hereto, it shall  
1213 register the applicant. The registration of each intermediary  
1214 expires on December 31 of the year the registration became  
1215 effective unless the registrant has renewed his or her  
1216 registration on or before that date. Registration may be renewed  
1217 by furnishing such information as the commission may require by  
1218 rule, together with payment of the fee of \$200 and the payment  
1219 of any amount due to the office pursuant to any order of the  
1220 office or pursuant to any agreement with the office. An  
1221 intermediary who has not renewed a registration by filing with  
1222 the office on or before January 31 of the year following the  
1223 year of expiration must submit the information that may be  
1224 required by the commission, together with payment of the \$200  
1225 fee and a late fee of \$200. Any reinstatement of registration  
1226 granted by the office during the month of January shall be  
1227 deemed effective retroactive to January 1 of that year.

1228 (21)-(20) The registration requirements of this section do



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1229 not apply to any general lines insurance agent or life insurance  
1230 agent licensed under chapter 626, for the sale of a security as  
1231 defined in s. 517.021(22)(g) ~~s. 517.021(21)(g)~~, if the  
1232 individual is directly authorized by the issuer to offer or sell  
1233 the security on behalf of the issuer and the issuer is a  
1234 federally chartered savings bank subject to regulation by the  
1235 Federal Deposit Insurance Corporation. Actions under this  
1236 subsection shall constitute activity under the insurance agent's  
1237 license for purposes of ss. 626.611 and 626.621.

1238 Section 5. Subsections (1) and (2) of section 517.121,  
1239 Florida Statutes, are amended to read:

1240 517.121 Books and records requirements; examinations.—

1241 (1) A dealer, investment adviser, branch office, or  
1242 associated person, or intermediary shall maintain such books and  
1243 records as the commission may prescribe by rule.

1244 (2) The office shall, at intermittent periods, examine the  
1245 affairs and books and records of each registered dealer,  
1246 investment adviser, associated person, intermediary, or branch  
1247 office notice-filed with the office, or require such records and  
1248 reports to be submitted to it as required by rule of the  
1249 commission, to determine compliance with this act.

1250 Section 6. Section 517.161, Florida Statutes, is amended to  
1251 read:

1252 517.161 Revocation, denial, or suspension of registration  
1253 of dealer, investment adviser, intermediary, or associated  
1254 person.—

1255 (1) Registration under s. 517.12 may be denied or any  
1256 registration granted may be revoked, restricted, or suspended by  
1257 the office if the office determines that such applicant or



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1258 registrant; any member, principal, or director of the applicant  
1259 or registrant or any person having a similar status or  
1260 performing similar functions; or any person directly or  
1261 indirectly controlling the applicant or registrant:

1262 (a) Has violated any provision of this chapter or any rule  
1263 or order made under this chapter;

1264 (b) Has made a material false statement in the application  
1265 for registration;

1266 (c) Has been guilty of a fraudulent act in connection with  
1267 rendering investment advice or in connection with any sale of  
1268 securities, has been or is engaged or is about to engage in  
1269 making fictitious or pretended sales or purchases of any such  
1270 securities or in any practice involving the rendering of  
1271 investment advice or the sale of securities which is fraudulent  
1272 or in violation of the law;

1273 (d) Has made a misrepresentation or false statement to, or  
1274 concealed any essential or material fact from, any person in the  
1275 rendering of investment advice or the sale of a security to such  
1276 person;

1277 (e) Has failed to account to persons interested for all  
1278 money and property received;

1279 (f) Has not delivered, after a reasonable time, to persons  
1280 entitled thereto securities held or agreed to be delivered by  
1281 the dealer, broker, intermediary, or investment adviser, as and  
1282 when paid for, and due to be delivered;

1283 (g) Is rendering investment advice or selling or offering  
1284 for sale securities through any associated person not registered  
1285 in compliance with the provisions of this chapter;

1286 (h) Has demonstrated unworthiness to transact the business



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1287 of dealer, investment adviser, intermediary, or associated  
1288 person;

1289 (i) Has exercised management or policy control over or  
1290 owned 10 percent or more of the securities of any dealer,  
1291 intermediary, or investment adviser that has been declared  
1292 bankrupt, or had a trustee appointed under the Securities  
1293 Investor Protection Act; or is, in the case of a dealer,  
1294 intermediary, or investment adviser, insolvent;

1295 (j) Has been convicted of, or has entered a plea of guilty  
1296 or nolo contendere to, regardless of whether adjudication was  
1297 withheld, a crime against the laws of this state or any other  
1298 state or of the United States or of any other country or  
1299 government which relates to registration as a dealer, investment  
1300 adviser, issuer of securities, intermediary, or associated  
1301 person; which relates to the application for such registration;  
1302 or which involves moral turpitude or fraudulent or dishonest  
1303 dealing;

1304 (k) Has had a final judgment entered against her or him in  
1305 a civil action upon grounds of fraud, embezzlement,  
1306 misrepresentation, or deceit;

1307 (l) Is of bad business repute;

1308 (m) Has been the subject of any decision, finding,  
1309 injunction, suspension, prohibition, revocation, denial,  
1310 judgment, or administrative order by any court of competent  
1311 jurisdiction, administrative law judge, or by any state or  
1312 federal agency, national securities, commodities, or option  
1313 exchange, or national securities, commodities, or option  
1314 association, involving a violation of any federal or state  
1315 securities or commodities law or any rule or regulation



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1316 promulgated thereunder, or any rule or regulation of any  
1317 national securities, commodities, or options exchange or  
1318 national securities, commodities, or options association, or has  
1319 been the subject of any injunction or adverse administrative  
1320 order by a state or federal agency regulating banking,  
1321 insurance, finance or small loan companies, real estate,  
1322 mortgage brokers or lenders, money transmitters, or other  
1323 related or similar industries. For purposes of this subsection,  
1324 the office may not deny registration to any applicant who has  
1325 been continuously registered with the office for 5 years after  
1326 the date of entry of such decision, finding, injunction,  
1327 suspension, prohibition, revocation, denial, judgment, or  
1328 administrative order provided such decision, finding,  
1329 injunction, suspension, prohibition, revocation, denial,  
1330 judgment, or administrative order has been timely reported to  
1331 the office pursuant to the commission's rules; or

1332 (n) Made payment to the office for a registration with a  
1333 check or electronic transmission of funds that is dishonored by  
1334 the applicant's or registrant's financial institution.

1335 (2) The payment or anticipated payment of any amount from  
1336 the Securities Guaranty Fund in settlement of a claim or in  
1337 satisfaction of a judgment against an applicant or registrant  
1338 constitutes prima facie grounds for the denial of the  
1339 applicant's application for registration or the revocation of  
1340 the registrant's registration.

1341 (3) In the event the office determines to deny an  
1342 application or revoke a registration, it shall enter a final  
1343 order with its findings on the register of dealers and  
1344 associated persons; and denial, suspension, or revocation of the



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1345 registration of a dealer, intermediary, or investment adviser  
1346 shall also deny, suspend, or revoke the registration of all her  
1347 or his associated persons.

1348 (4) It shall be sufficient cause for denial of an  
1349 application or revocation of registration, in the case of a  
1350 partnership, corporation, or unincorporated association, if any  
1351 member of the partnership or any officer, director, or ultimate  
1352 equitable owner of the corporation or association has committed  
1353 any act or omission which would be cause for denying, revoking,  
1354 restricting, or suspending the registration of an individual  
1355 dealer, investment adviser, intermediary, or associated person.  
1356 As used in this subsection, the term "ultimate equitable owner"  
1357 means a natural person who directly or indirectly owns or  
1358 controls an ownership interest in the corporation, partnership,  
1359 association, or other legal entity however organized, regardless  
1360 of whether such natural person owns or controls such ownership  
1361 interest through one or more proxies, powers of attorney,  
1362 nominees, corporations, associations, partnerships, trusts,  
1363 joint stock companies, or other entities or devices, or any  
1364 combination thereof.

1365 (5) The office may deny any request to terminate or  
1366 withdraw any application or registration if the office believes  
1367 that an act which would be a ground for denial, suspension,  
1368 restriction, or revocation under this chapter has been  
1369 committed.

1370 (6) Registration under s. 517.12 may be denied or any  
1371 registration granted may be suspended or restricted if an  
1372 applicant or registrant is charged, in a pending enforcement  
1373 action or pending criminal prosecution, with any conduct that





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1374 would authorize denial or revocation under subsection (1).  
1375 Registration under s. 517.12 may be suspended or restricted if a  
1376 registrant is arrested for any conduct that would authorize  
1377 revocation under subsection (1).

1378 (a) Any denial of registration ordered under this  
1379 subsection shall be without prejudice to the applicant's ability  
1380 to reapply for registration.

1381 (b) Any order of suspension or restriction under this  
1382 subsection shall:

1383 1. Take effect only after a hearing, unless no hearing is  
1384 requested by the registrant or unless the suspension or  
1385 restriction is made in accordance with s. 120.60(6).

1386 2. Contain a finding that evidence of a prima facie case  
1387 supports the charge made in the enforcement action or criminal  
1388 prosecution.

1389 3. Operate for no longer than 10 days beyond receipt of  
1390 notice by the office of termination with respect to the  
1391 registrant of the enforcement action or criminal prosecution.

1392 (c) For purposes of this subsection:

1393 1. The term "enforcement action" means any judicial  
1394 proceeding or any administrative proceeding where such judicial  
1395 or administrative proceeding is brought by an agency of the  
1396 United States or of any state to enforce or restrain violation  
1397 of any state or federal law, or any disciplinary proceeding  
1398 maintained by the Financial Industry Regulatory Authority, the  
1399 National Futures Association, or any other similar self-  
1400 regulatory organization.

1401 2. An enforcement action is pending at any time after  
1402 notice to the applicant or registrant of such action and is



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1403 terminated at any time after entry of final judgment or decree  
1404 in the case of judicial proceedings, final agency action in the  
1405 case of administrative proceedings, and final disposition by a  
1406 self-regulatory organization in the case of disciplinary  
1407 proceedings.

1408 3. A criminal prosecution is pending at any time after  
1409 criminal charges are filed and is terminated at any time after  
1410 conviction, acquittal, or dismissal.

1411 Section 7. Paragraph (b) of subsection (4) of section  
1412 626.9911, Florida Statutes, is amended to read:

1413 626.9911 Definitions.—As used in this act, the term:

1414 (4) "Life expectancy provider" means a person who  
1415 determines, or holds himself or herself out as determining, life  
1416 expectancies or mortality ratings used to determine life  
1417 expectancies:

1418 (b) In connection with a viatical settlement investment,  
1419 pursuant to s. 517.021(24) ~~s. 517.021(23)~~; or

1420 Section 8. This act shall take effect October 1, 2015.

1421  
1422 ===== T I T L E A M E N D M E N T =====

1423 And the title is amended as follows:

1424 Delete everything before the enacting clause  
1425 and insert:

1426 A bill to be entitled  
1427 An act relating to intrastate crowdfunding; amending  
1428 s. 517.021, F.S.; conforming a cross-reference;  
1429 defining the term "intermediary" for purposes of the  
1430 Florida Securities and Investor Protection Act;  
1431 amending s. 517.061, F.S.; exempting offers or sales



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1432 of securities by certain issuers from registration  
1433 requirements; creating s. 517.0611, F.S.; providing a  
1434 short title; exempting the intrastate offering and  
1435 sale of certain securities from certain regulatory  
1436 requirements; providing applicability; providing  
1437 registration and reporting requirements for issuers  
1438 and intermediaries offering such securities; limiting  
1439 the aggregate amount of sales of such securities  
1440 within a specified period; limiting the aggregate  
1441 amount of sales to specified investors; requiring an  
1442 issuer to produce and distribute an annual report to  
1443 investors; requiring a notice-filing to be suspended  
1444 under certain circumstances; specifying that fees  
1445 collected become revenue of the state; requiring a  
1446 qualified third party to hold certain funds in escrow;  
1447 amending s. 517.12, F.S.; providing registration  
1448 requirements for an intermediary; conforming a cross-  
1449 reference; amending s. 517.121, F.S.; requiring an  
1450 intermediary to comply with specified recordkeeping  
1451 requirements; amending s. 517.161, F.S.; including an  
1452 intermediary in the disciplinary provisions; amending  
1453 s. 626.9911, F.S.; conforming a cross-reference;  
1454 providing an effective date.