Capital formation made easy…
Connie Lawson, Indiana Secretary of State
Anyone can buy **public** stock (Schwab, E-Trade, broker)

**Private** non publically traded offers have been limited to accredited investors that you know, **but that has now changed.**
a natural person who has individual net worth, or joint net worth with the person’s spouse, that exceeds $1 million at the time of the purchase, excluding the value of the primary residence of such person;

a natural person with income exceeding $200,000 in each of the two most recent years or joint income with a spouse exceeding $300,000 for those years and a reasonable expectation of the same income level in the current year; or

Accredited investor **key elements**
The non-accredited investor now has access to certain exempt private offerings via the internet. The business now has a new source of capital at $5,000.00 per investor.
The JOBS Act in response to financial crisis, loss of jobs, need for work and innovation

The success of crowdfunding soliciting

How did this happen?
The JOBS Act: Equity Crowdfunding
(passed July 1, 2012)

SB 375 Crowdfunding,
Invest in Indiana Exemption (Our state’s response) effective July 1, 2014

Emerging laws and rules
23-19-2-2(27)

Crowd funding

General solicitation via the internet host cite to any Indiana resident regardless of their financial status

$5000.00 purchase cap per investment to non accredited investors

$1,000,000.00 capital cap/
$2,000,000.00 with audited financials

Invest in Indiana Exemption
Offer and purchase must arise out of and take place in Indiana among Indiana residents
Invest in Indiana CF Basics

How to get started...

http://in.gov/sos/securities/4114.htm
The Offer

Structure not defined other than via disclosures
Cannot be used with other exemptions in last 12 months
Exclusive to the internet
Indiana registration form and fee

Escrow agreement and information

Disclosures (Ind. 23-19-2-27(L) that will be provided to investors

Issuer provides Commissioner
Description of the company

Use of Proceeds, business plan, compensation

Officer information

Owners and interest (if more than 20%)

Terms of the security offering

Min and max, future dilution of shares

Legal issues

ID all others (not lawyers or accountants)

ID URL and website operator

Any other material fact

Investor disclosure and sign off

Disclosures
Disclosures

Escrow Information

**Quarterly reports** on any additional compensation paid and an internal report from management on business plan and financial condition

Issuer provides investors
Bank or financial institution authorized to do business in Indiana
No duty or liability on bank
Commissioner may review accounts
Investor may ask for return of funds if goal not raised (Rules also add 48 hour cancellation)

Escrow
An issuer can obtain up to $1,000,000.00 through this mechanism without audited financials; $2,000,000.00 with the prior years audited financials being made available to investor and Commissioner.

A non accredited investor may invest up to $5,000.00 per offer.

An accredited investor has no limit.

Caps
Flat fee
Subject to audit
Scrutiny of offeror and the issue
Money to escrow service company
Communications portal
Record keeping
No Commission
Cannot be an investor
$50,000.00 surety bond

The Internet Website Operator
$100.00 to register as a website operator

$100.00 to register the crowd funding or friends and family offer.
Completion of Offerings

Investors have the right to cancel an investment commitment for any reason until **48 hours** prior to the deadline in the offering materials.

Once the issuer reaches his goal, the website operator or issuer will advise investors.

The escrow company will release funds to issuer.

If goal is not reached in set time, funds are returned to the investor.
Investing is a choice that requires:

information gathering & personal decision making

Regardless of your net worth
If the issuer, in the offer or sale of the securities, makes an untrue statement of a material fact or omits to state a material fact required to be stated or necessary in order to make the statements ... not misleading,

In other words... “had they told me the truth about XYZ, I would not have invested”
A failed or money losing business investment does not mean laws have been violated.