

CROWDFUNDING 101 UPDATE

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Washington Jobs Act of 2014 - Results

- No offerings yet
- Why?
 - New
 - Other options available
 - Intrastate only
 - Public
 - Affinity

Washington Jobs Act of 2014 – Key Regulatory Features

- Target Offering Amount
- Washington Crowdfunding Form
- Bad Actor Disqualification

Target Offering Amount

- Company must set a minimum target offering amount and a deadline by which the minimum target offering amount must be raised
- Company must demonstrate that the minimum target offering amount, together with other sources of financing, is sufficient to implement the business plan
- Investor funds must be held by an independent escrow agent until the minimum target offering amount is raised
- If the minimum target offering amount is not raised by the deadline, all investor funds must be returned

Washington Crowdfunding Form

- Combined exemption filing notice/disclosure document
- MS Word Doc, download from DFI website
- Largely “check-the-box” and “fill-in-the-blank”
- 15 pages of disclosure, plus exhibits
- Rules and instructions built into document
- Instructions in dialogue boxes automatically disappear when data is entered

Bad Actor Disqualification

- Prior conduct of persons affiliated with the offering may disqualify an issuer from using the crowdfunding exemption
- For example:
 - Felony or misdemeanor conviction in connection with the purchase or sale of any security
 - State or SEC order barring the person from engaging in the business of securities
 - State or SEC order to cease/desist committing willful violations of anti-fraud provisions of securities laws
 - Suspension or expulsion from membership in a registered national securities exchange

How can regulators help?

- Be open to new ideas
- Help with drafting
- Share expertise
- NASAA Crowdfunding Resource Center
- Outreach

Questions?