

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

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

28

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

33 517.021 Definitions.—When used in this chapter, unless the
 34 context otherwise indicates, the following terms have the
 35 following respective meanings:

36 (9) "Federal covered adviser" means a person who is
 37 registered or required to be registered under s. 203 of the
 38 Investment Advisers Act of 1940. The term "federal covered
 39 adviser" does not include any person who is excluded from the
 40 definition of investment adviser under subparagraphs (14)(b)1.-
 41 8. ~~(13)(b)1.-8.~~

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

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

49 517.061 Exempt transactions.—Except as otherwise provided
 50 in s. 517.0611 for a transaction listed in subsection (21), the
 51 exemption for each transaction listed below is self-executing
 52 and does not require any filing with the office before ~~prior to~~

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

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

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

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

79 isolated offers or sales include, but are not limited to, an
80 isolated offer or sale made by or on behalf of a vendor of
81 securities not the issuer or underwriter of the securities if:

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

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

87

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

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

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

105 exchange for the securities of such equity security holders or
106 claims of such creditors or partly for cash and partly in
107 exchange for the securities or claims of such equity security
108 holders or creditors.

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

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

129 (8) The sale of securities from one corporation to another
130 corporation provided that:

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

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

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

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

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

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

155 2. Neither the issuer nor any person acting on behalf of
 156 the issuer offers or sells securities pursuant to this

157 subsection by means of any form of general solicitation or
158 general advertising in this state.

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

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

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

173 (b) The following purchasers are excluded from the
174 calculation of the number of purchasers under subparagraph

175 (a)1.:

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

179 2. Any trust or estate in which a purchaser, any of the
180 persons related to such purchaser specified in subparagraph 1.,
181 and any corporation specified in subparagraph 3. collectively
182 have more than 50 percent of the beneficial interest (excluding

183 contingent interest).

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

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

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

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

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

206 b. Offers or sales of securities occurring at any time
207 after 6 months from an offer or sale made pursuant to this
208 subsection shall not be considered part of the same offering,

209 provided there are no offers or sales by or for the issuer of
210 the same or a similar class of securities during such 6-month
211 period.

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

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

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

232 (13) An unsolicited purchase or sale of securities on
233 order of, and as the agent for, another by a dealer registered
234 pursuant to the provisions of s. 517.12; provided that this

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

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

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

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

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

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

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

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

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

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

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

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

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

286 4. Securities, other than any security that is a federal

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

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

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

313 covered security, by order published in such manner as the
314 office finds proper.

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

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

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

337 (a) The issuer of the security is actually engaged in
338 business and is not in the organization stage or in bankruptcy

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

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

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

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

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

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

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

364 4. An audited income statement for each of the issuer's

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

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

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

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

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

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

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

390 517.0611 Intrastate crowdfunding.—

391 (1) This section may be cited as the "Florida Intrastate
392 Crowdfunding Act of 2015."

393 (2) Notwithstanding any other provision of this chapter,
394 an offer or sale of a security by an issuer is an exempt
395 transaction under s. 517.061 if the offer or sale is conducted
396 in accordance with this section. The exemption provided in this
397 section may not be used in conjunction with any other exemption
398 from registration requirements under this chapter.

399 (3) The offer or sale of securities under this section
400 must be conducted in accordance with the requirements of the
401 federal exemption for intrastate offerings in s. 3(a)(11) of the
402 Securities Act of 1933, 15 U.S.C. s. 77c(a)(11), and United
403 States Securities and Exchange Commission Rule 147, 17 C.F.R. s.
404 230.147, adopted pursuant to the Securities Act of 1933.

405 (4) An issuer must:

406 (a) Be a for-profit business entity formed under the laws
407 of the state, be registered with the Secretary of State,
408 maintain its principal place of business in the state, and
409 derive its revenues primarily from operations in the state.

410 (b) Conduct transactions for the offering through a
411 registered dealer or an intermediary registered under s.
412 517.12(20).

413 (c) Not be, either before or as a result of the offering,
414 an investment company as defined in s. 3 of the Investment
415 Company Act of 1940, 15 U.S.C. s. 80a-3, subject to the
416 reporting requirements of s. 13 or s. 15(d) of the Securities

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

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

431 (e) File a notice of the offering with the office, in
432 writing or electronic form, in a format prescribed by commission
433 rule, together with a nonrefundable filing fee of \$200. The
434 commission may adopt rules establishing procedures for the
435 deposit of fees and the filing of documents by electronic means
436 if the procedures provide the office with the information and
437 data required by this section. The office may revoke the filing
438 of a notice under this paragraph if payment for the filing fee
439 is by check or electronic transmission of funds that is
440 dishonored by the financial institution upon which the funds are
441 drawn. A notice is effective upon receipt by the office of the
442 form and filing fee, and the notice may be terminated by filing

443 with the office a notice of such termination. The notice and
444 offering expire 12 months after filing the notice with the
445 office. The notice must:

446 1. Be filed with the office at least 10 days before the
447 issuer commences an offering of securities or the offering is
448 displayed on a website of an intermediary, in reliance upon the
449 exemption provided by this section.

450 2. Indicate that the issuer is conducting an offering in
451 reliance upon the exemption provided by this section.

452 3. Contain the names and addresses of the issuer, all
453 persons who will be involved in the offer or sale of securities
454 on behalf of the issuer, and the federally insured financial
455 institution authorized to do business in the state, in which
456 investor funds will be deposited.

457 4. Include documentation verifying that the issuer is
458 organized under the laws of the state and authorized to do
459 business in the state.

460 5. Include the intermediary's website address.

461 6. Include the target offering amount.

462 7. Include an attestation that each control person of the
463 issuer is not subject to disqualification under paragraph (c).

464
465 A notice filed by an issuer under this section shall be
466 summarily suspended by the office if the issuer fails to provide
467 to the office, within 30 days after a written request from the
468 office, information required by this section or rules adopted

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

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

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

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

490 (i) Provide a disclosure statement to potential investors,
491 with a copy to the office at the time of filing the notice,
492 containing material information about the issuer and the
493 offering, including:

494 1. The name, legal status, physical address, and website

495 address of the issuer.

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

500 3. A description of the business of the issuer and the
501 anticipated business plan of the issuer.

502 4. A description of the stated purpose and intended use of
503 the proceeds of the offering.

504 5. The target offering amount, the deadline to reach the
505 target offering amount, and regular updates regarding the
506 progress of the issuer in meeting the target offering amount.

507 6. The price to the public of the securities or the method
508 for determining the price.

509 7. A description of the ownership and capital structure of
510 the issuer, including terms of the securities and how the terms
511 may be modified.

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

513 a. For offerings that, in combination with all other
514 offerings of the issuer within the preceding 12-month period,
515 have target offering amounts of \$100,000 or less, the
516 description must include the most recent income tax return filed
517 by the issuer, if any, and a financial statement that must be
518 certified by the principal executive officer of the issuer as
519 true and complete in all material respects.

520 b. For offerings that, in combination with all other

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

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

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

537
538 These securities are offered and will be sold in
539 reliance upon an exemption from the registration
540 requirements of federal and Florida securities laws.
541 Consequently, neither the Federal Government nor the
542 State of Florida have reviewed the accuracy or
543 completeness of any offering materials. In making an
544 investment decision, investors must rely on their own
545 examination of the issuer and the terms of the
546 offering, including the merits and risks involved.

547 These securities are subject to restrictions on
548 transferability and resale and may not be transferred
549 or resold except as specifically authorized by
550 applicable federal and state securities laws.
551 Investing in these securities involves a speculative
552 risk, and investors should be able to bear the loss of
553 their entire investment.

554
555 (j) File with the office and provide to investors through
556 the intermediary annual reports of the results of operations and
557 financial statements of the issuer, subject to additional
558 requirements as the commission may establish by rule.

559 (5) An intermediary must:

560 (a)1. Be registered as a dealer in accordance with s.
561 517.12(6); or

562 2. Submit a nonrefundable filing fee of \$200 and submit an
563 application for registration as an intermediary in accordance
564 with s. 517.12(20), in a format prescribed by commission rule,
565 specifying that the intermediary will conduct business as an
566 intermediary in furtherance of an offering in reliance upon the
567 exemption provided in this section.

568 (b) Not be subject to a disqualification established by
569 the commission or office or a disqualification described in s.
570 517.1611 or United States Securities and Exchange Commission
571 Rule 506(d), 17 C.F.R. 230.506(d), adopted pursuant to the
572 Securities Act of 1933. Each director, officer, control person

573 of the issuer, any person occupying a similar status or
574 performing a similar function, and each person holding more than
575 20 percent of the shares of the intermediary is subject to this
576 requirement.

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

583 (d) Provide basic information on its website regarding the
584 high risk of investment in and limitation on the resale of
585 exempt securities and the potential for loss of an entire
586 investment. The basic information shall include:

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

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

593 (e) Obtain a zip code or residence address from each
594 potential investor who seeks to view information regarding
595 specific investment opportunities, in order to confirm that the
596 potential investor is a resident of the state.

597 (f) Obtain and verify, pursuant to commission rule, a
598 valid Florida driver license number or identification card

599 number from each investor, before purchase of a security, to
600 confirm that the investor is a resident of the state.

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

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

606 (i) Provide a monthly update for each offering, after the
607 first full month after the date of the offering. The update must
608 be accessible on the intermediary's website and must display the
609 date and amount of each of sale of securities in the previous
610 calendar month.

611 (j) Require each investor to certify in writing, and to
612 include as part of such certification his or her signature, and
613 his or her initials next to each paragraph of the certification,
614 as follows:

615
616 I understand and acknowledge that:

617
618 I am investing in a high-risk, speculative business
619 venture. I may lose all of my investment, and I can
620 afford the loss of my investment.

621
622 This offering has not been reviewed or approved by any
623 state or federal securities commission or other
624 regulatory authority and no regulatory authority has

625 confirmed the accuracy or determined the adequacy of
626 any disclosure made to me relating to this offering.

627
628 The securities I am acquiring in this offering are
629 illiquid and are subject to possible dilution. There
630 is no ready market for the sale of the securities. It
631 may be difficult or impossible for me to sell or
632 otherwise dispose of the securities, and I may be
633 required to hold the securities indefinitely.

634
635 I may be subject to tax on my share of the taxable
636 income and losses of the issuer, whether or not I have
637 sold or otherwise disposed of my investment or
638 received any dividends or other distributions from the
639 issuer.

640
641 By entering into this transaction with the issuer, I
642 am affirmatively representing myself as being a
643 Florida resident at the time this contract is formed,
644 and if this representation is subsequently shown to be
645 false, the contract is void.

646
647 If I resell any of the securities I am acquiring in
648 this offering to a person that is not a Florida
649 resident within 9 months after the closing of the
650 offering, my contract with the issuer for the purchase

651 of these securities is void.

652

653 (k) Require each investor to answer questions
654 demonstrating an understanding of the level of risk generally
655 applicable to investments in startups, emerging businesses, and
656 small issuers, and an understanding of the risk of illiquidity.

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

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

661 (6) An intermediary may not:

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

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

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

671 (d) Hold, manage, possess, or otherwise handle investor
672 funds or securities.

673 (e) Compensate promoters, finders, or lead generators for
674 providing the intermediary with the personal identifying
675 information of any potential investor.

676 (f) Engage in any other activities set forth by commission

677 rule.

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

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

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

692 (b) Ten percent of the annual income or net worth of such
693 investor, not to exceed a maximum aggregate amount sold of
694 \$100,000, if either the annual income or net worth of the
695 investor exceeds \$100,000.

696 (9) All funds received from investors must be directed to
697 the qualified third party designated to hold the funds and must
698 be used in accordance with representations made to investors by
699 the intermediary. If an investor cancels a commitment to invest,
700 the intermediary must direct the third party designated to hold
701 the funds to promptly refund the funds of the investor.

702 (10) The commission may adopt rules to administer this

703 section and to protect investors who purchase securities under
704 this section

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

708 517.12 Registration of dealers, associated persons,
709 intermediaries, and investment advisers.-

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

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

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

722 (21) ~~(20)~~ The registration requirements of this section do
723 not apply to any general lines insurance agent or life insurance
724 agent licensed under chapter 626, for the sale of a security as
725 defined in s. 517.021(22)(g) ~~517.021(21)(g)~~, if the individual
726 is directly authorized by the issuer to offer or sell the
727 security on behalf of the issuer and the issuer is a federally
728 chartered savings bank subject to regulation by the Federal

729 Deposit Insurance Corporation. Actions under this subsection
 730 shall constitute activity under the insurance agent's license
 731 for purposes of ss. 626.611 and 626.621.

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

734 517.121 Books and records requirements; examinations.—

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

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

744 Section 6. Paragraph (b) of subsection (4) of section
 745 626.9911, Florida Statutes, is amended to read:

746 626.9911 Definitions.—As used in this act, the term:

747 (4) "Life expectancy provider" means a person who
 748 determines, or holds himself or herself out as determining, life
 749 expectancies or mortality ratings used to determine life
 750 expectancies:

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

753 Section 7. This act shall take effect October 1, 2015.