

LEGAL SERVICES

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
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 9, 2016

SUBJECT: Sectional summary of SB 126 establishing an exemption for the offering and sale of certain securities (SB 126; Work Order No. 29-LS1284\A)

TO: Senator Mia Costello
Attn: Weston Eiler

FROM:  Terry Bannister
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Adds a new section, sec. 45.55.175, to the Alaska Securities Act (AS 45.55).

Sec. 45.55.175(a). Exempts an offer or sale of securities that an issuer conducts solely in this state to state residents from the requirements of AS 45.55.070 - 45.55.120 (relating to the registration of securities) and AS 45.55.150 (relating to sales and advertising literature). Sets limitations on these offers and sales.

The general limitations include (1) requirements related to the issuer's organizational entity, principal place of business, and licensing by the department, (2) meeting the requirements of the federal exemption for intrastate offerings, (3) a cap of \$1,000,000 (less certain amounts) on consideration received for sales, (4) a cap of \$7,500 from a single purchaser during a 12-month period, (5) a reasonable belief by the issuer that purchases are for investment, (6) no commissions for persons participating in the offer or sale for the issuer, (7) escrow account deposit of investor funds until the minimum target is met, (8) notice to the administrator about the solicitation, (9) restrictions on who may be the issuer, (10) disclosures to purchasers about the non-registration of the securities and restriction on resale, (11) signed purchaser acknowledgements of risk, (12) no use of most other chapter exemptions, and (13) coverage by the anti-fraud and other provisions under AS 45.55.010 - 45.55.028.

Sec. 45.55.175(b). Allows the administrator to deny or revoke an exemption under this section if the sale would work or tend to work a fraud on purchasers.

Senator Mia Costello
February 9, 2016
Page 2

Sec. 45.55.175(c). Allows the issuer of a security under this section to use an Internet website to make the sale or offering. Allows the administrator to inspect the website. Requires the issuer to provide the administrator with certain information about the website.

Sec. 45.55.175(d). Requires the Department of Commerce, Community, and Economic Development to charge an applicant a filing fee for an exemption under this section.

Sec. 45.55.175(e). Defines terms for the section.

Section 2. Adds a sec. 45.55.175 exempt transaction to the list of transactions that are exempt from AS 45.55.070 (the basic security registration requirement) and AS 45.55.075 (the section addressing federal covered securities).

If I may be of further assistance, please advise.

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