

ALASKA STATE LEGISLATURE

SESSION

State Capitol, Rm 510
Juneau, Alaska 99801-1182
(907) 465-4968 Phone
Sen.Mia.Costello@akleg.gov



INTERIM

716 West 4th Avenue, Suite 509
Anchorage, Alaska 99501
Phone (907) 269-0117

SENATOR MIA COSTELLO

SECTIONAL ANALYSIS

Senate Bill 126 – Version W

“An Act establishing an exemption for the offering and sale of certain securities.”

Section 1. Amends the Alaska Securities Act (AS 45.55) by adding a new section. Sec. 45.55.175(a) exempts the sale of securities through crowdfunding between Alaska businesses and residents from the requirements of AS 45.55.070 - 45.55.120 (registration of securities) and AS 45.55.150 (sales and advertising literature). Sets new limitations and requirements on the offer and sale of this type of securities including:

- (1) issuer's organizational entity must be for-profit, and located and licensed in Alaska,
- (2) securities under this section may only be sold to Alaska residents and must be in compliance with federal law's (Securities Act of 1933) residency requirements for interstate sale of securities,
- (3) sale of securities under this section by a for-profit entity are capped at \$1,000,000,
- (4) investments by an individual in a business under this exemption are capped at \$7,500 during a 12-month period,
- (5) issuer of securities under this section must have a reasonable belief that the purchase of securities is for investment not resale,
- (6) commissions for persons participating in the offer or sale for the issuer are prohibited,
- (7) requires escrow account deposit of investor funds until the minimum target for the issuer is met,
- (8) notice to the department about solicitation of sale of securities under this section,
- (9) restrictions on who may issue securities under this section,
- (10) disclosures to investors about this type of securities exemption in statute and restriction on resale,
- (11) requires signed investor acknowledgement of investment risk,

(12) exemption for sale of this type of securities may not be used along with other exemptions to the Alaska Securities Act,

(13) sale of this type of securities are covered by anti-fraud statutes and other provisions under AS 45.55.010 - 45.55.028.

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

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

Sec. 45.55.175(d). Prohibits an issuer from using the exemption under this section if the entity or its officers are subject to a disqualifier under the Dodd-Frank Wall Street Reform and Consumer Protection Act - U.S.C. 78c(a)(39).

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

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