

States Enter Crowdfunding Regulatory Mix

By: Bettina Eckerle

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While everyone is waiting for the SEC, several states are taking their own turn at crafting regulations. Lawmakers have already passed legislation in Kansas and Georgia. North Carolina is the latest state to weigh in.

Under the [North Carolina Jumpstart Our Business Startups Act](#)(NC JOBS Act), unaccredited North Carolina investors would be able to buy equities from a North Carolina issuer provided certain requirements are met. The investment limit would be \$2,000 per investor, regardless of income or wealth. For companies, the cap for any 12-month period is \$1 million without audited financials, and \$2 million with audited financials.

“The reason we did it is that startup companies and small businesses play a critical role in creating new jobs and growing the economy,” said State Representative Tom Murry, who is leading the initiative in North Carolina.

A North Carolina issuer will also be permitted to promote the offering via the Internet within certain guidelines. The main requirement is that issuers must file a notice with the state securities regulatory agency.

The new crowdfunding exemptions will take effect as soon as the law is passed. Then, regulators must adopt rules to address its application in the real world, as the need arises.

As [Forbes](#) reports, North Carolina’s version of the JOBS Act is being heralded as “brilliant and clever.” It certainly demonstrates a can-do attitude, which I like. Let’s see whether the SEC will take some pointers. As always, if you have questions or comments, please call, [e-mail](#) or [tweet me@NYBusinessLaws](#). *Eckerle Law offers legal advice in a variety of transactional and regulatory matters and serves companies’ plenary business law needs. Its founder, Bettina Eckerle, is a veteran of Debevoise & Plimpton and Wachtell, Lipton, Rosen & Katz. She also served as the General Counsel of two companies en route to IPO. Please visit the [Eckerle Law website](#) for more details.*