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FOR IMMEDIATE RELEASE

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**Wisconsin crowdfunding exemption takes effect June 1**

MADISON – Legislation that permits Wisconsin businesses to raise money through Internet crowdfunding sites takes effect June 1. The new law, approved by the Legislature and signed by Governor Scott Walker, allows a Wisconsin business to raise up to $1 million from state investors through crowdfunding portals. The amount that can be raised increases to $2 million if the issuer has had an audit in its most recent fiscal year, and has provided the audit to prospective investors and the Department of Financial Institutions (DFI).

“This change could result in new opportunities for Wisconsin entrepreneurs to raise capital and launch new businesses, thereby creating jobs and helping the state’s economy to grow,” said Patricia Struck, Administrator of DFI’s Division of Securities. “As with any investment opportunity, we encourage consumers to do their homework in advance and make sure the investment is right for them.”

In order to qualify for the exemption, issuers must:

- File a notice with the Division of Securities through the DFI website ([www.wdfi.org](http://www.wdfi.org) and click on the Securities link) at least 10 days before commencing an offering. The notice must include a disclosure document, an escrow agreement with a Wisconsin-chartered financial institution, and a $50 filing fee.
- Comply with the “intrastate” exemption under federal law, meaning that all offers and sales must be to Wisconsin investors.
- Make the offer available through one or more Internet sites.
- Provide a copy of the disclosure document to each prospective investor.
- Hold all payments in escrow in a Wisconsin-chartered financial institution and not access them until the target offering amount has been raised.
- Provide a quarterly report to investors.
- Not be subject to the “bad actor” disqualification under federal securities law.

The new law also regulates Internet site operators used in crowdfunding efforts. The Internet site operators:

- Must be organized under Wisconsin law and authorized to do business in Wisconsin.
- Must register with the Division of Securities; the fee for registration is $100.
- Must maintain records of the offers and sales of securities through the Internet site.
May not offer investment advice, solicit purchases, or pay or receive compensation for the sale of securities.

Any single purchaser may invest a maximum of $10,000 in a single crowdfunding offering, unless the purchaser is an accredited investor or a certified investor. “Certified investor” is defined as someone who has an individual net worth (or joint net worth with the individual’s spouse) of at least $750,000, or had an individual income in excess of $100,000 in each of the two most recent years (joint income with spouse in excess of $150,000).

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