Minutes: NASS Securities Committee Meeting
3:45 PM - 4:30 PM
July 14th, 2016
Nashville, TN

Participants:
Hon. Barbara Cegavske, NV (Co-Chair)
Hon. Elaine Marshall, NC (Co-Chair)
Hon. Brian Kemp, GA
Hon. John Wobensmith, MD (by proxy)
Hon. Jason Kander, MO (by proxy)
Hon. Bill Gardner, NH
Hon. Ed Murray, WY

Secretary Marshall called the meeting to order at 3:45PM. She asked Secretary Kemp to provide an overview of the crowdfunding law in Georgia. Secretary Kemp noted that Georgia was the second state to offer intrastate crowdfunding, and said it was implemented through rules as opposed to legislation. He said a number of companies signed up to offer crowdfunding but only a few have actually made an offering available. He noted a company called Ground Floor as an example of a successful crowdfunding venture in Georgia. He said that crowdfunding provides people a way to raise money in-state with relatively low startup costs and less government bureaucracy. But he noted that it may not be a good fit for everyone, and is still one of many investment options available.

Secretary Kemp noted that Georgia initially had a limit of $1 million for crowdfunding offers, but that limit has been incrementally raised to $5 million. He said that his office met with the SEC when they were developing crowdfunding rules, and his office emphasized the importance of allowing states to set the crowdfunding cap as opposed to federal regulations setting a cap. He said that overall crowdfunding does not generate much direct revenue for the state, but provides benefits to the state in other ways including contributing to the local economy. He said he could share information and resources about crowdfunding in Georgia to any states that are interested. He also noted that his office would be happy to have a call with the members of the Securities Committee to answer any questions about the crowdfunding process in Georgia.

Secretary Murray said that Wyoming recently approved intrastate crowdfunding legislation and they are in the process of writing rules. He said it will become available in Wyoming next year. He said that crowdfunding opportunities can provide alternative sources of financing for business and entrepreneurs that have difficulty getting financing from lenders under new restrictions.

Secretary Marshall said that North Carolina has come close to passing crowdfunding legislation in the past but it has gotten caught up in political disputes. She noted that this year legislation finally passed the state legislature and is currently awaiting signature by the Governor.

Secretary Cegavske noted that Nevada considered a crowdfunding bill last year but it did not pass the legislature. She indicated that the legislature will likely continue to consider crowdfunding legislation in the future and said she's interested in learning more about the issue from states that have implemented crowdfunding.

NASS Executive Director Leslie Reynolds noted that Secretary Lawson had planned to speak to the Committee about a film her office developed but she had to leave the conference early. She said the film is about victims of investment fraud in Indiana and how to prevent future fraud through education and recognizing the warning signs. She played a brief clip of the film and noted that she would send out a link to the film to the Committee.

Secretary Cegavske provided an overview of efforts in Nevada to combat financial exploitation of seniors. She noted that this type of fraud is a problem in Nevada and said her office has worked to make resources and information available to help educate seniors on how to avoid becoming victims of financial exploitation. She noted that her office encourages seniors to call the Secretary of State's office to get information about the registration status of people offering investment opportunities. She said her office is participating in Senior Safe Training Week in October and is happy to share information with states.

Secretary Marshall said she participated in elder abuse awareness month in June and traveled across the state with other state agencies to educate seniors on financial scams. She noted that many cases of fraud involving seniors can be avoided by calling the Secretary of State's to find out whether a person has a history of involvement in fraudulent activities.

The meeting adjourned at 4:30PM.