

**WAC 460-99C-030 Availability.** (1) These rules are intended to allow start-up companies to raise capital in small securities offerings to Washington residents. The rules in this chapter provide for the use of a simplified offering document designed to provide adequate disclosure to investors concerning the issuer, the securities offered, and the offering itself. Certain issuers may not be able to make adequate disclosure using the simplified Washington Crowdfunding Form and will, therefore, be unable to utilize the exemption in RCW 21.20.880. The director finds that the Washington Crowdfunding Form is generally unsuitable for the following issuers and programs and that, therefore, they will not be allowed to utilize the crowdfunding exemption in RCW 21.20.880 unless written permission is obtained from the director based upon a showing that adequate disclosure can be made to investors using the Washington Crowdfunding Form:

- (a) Holding companies, companies whose principal purpose is owning stock in, or supervising the management of, other companies;
  - (b) Investment companies subject to the Investment Company Act of 1940, including private equity funds;
  - (c) Portfolio companies, such as real estate investment trusts;
  - (d) Development stage companies that either have no specific business plan or purpose or have indicated that their business plan is to engage in merger or acquisition with an unidentified company or companies or other entity or person;
  - (e) Companies with complex capital structures;
  - (f) Blind pools;
  - (g) Commodity pools;
  - (h) Companies engaging in petroleum exploration or production or mining or other extractive industries;
  - (i) Equipment leasing programs; and
  - (j) Real estate programs, except entities formed to invest in a single, income-producing real estate property.
- (2) The crowdfunding exemption in RCW 21.20.880 is available only to a corporation or centrally managed limited liability company or limited partnership that is resident and doing business within Washington at the time of any offer or sale of securities.
- (3) The aggregate purchase price of all securities offered by an issuer in an offering made pursuant to the crowdfunding exemption in RCW 21.20.880 may not exceed one million dollars during any twelve-month period.
- (4) The crowdfunding exemption is available only to equity or convertible debt securities offerings by the issuer of the securities and is not available to any affiliate of that issuer or to any other person for resale of the issuer's securities.

[Statutory Authority: RCW 21.20.450, 21.20.880 and 2017 c 113. WSR 17-17-022, § 460-99C-030, filed 8/8/17, effective 9/8/17. Statutory Authority: RCW 21.20.450, 21.20.880, 21.20.883, 21.20.886, and 2014 c 144. WSR 14-21-001, § 460-99C-030, filed 10/1/14, effective 11/1/14.]