

WAC 460-99C-130 Escrow agreement provisions. (1) The issuer must enter into an escrow agreement with an independent escrow agent, as defined in WAC 460-99C-020, located in the state of Washington that includes the following terms:

(a) All offering proceeds shall be maintained in an account controlled by the escrow agent;

(b) All offering proceeds will be released to the issuer only when the aggregate capital raised from all purchasers is equal to or greater than the minimum target offering amount specified in the Washington Crowdfunding Form;

(c) If the proceeds do not meet the minimum requirements by the deadline set forth in the Washington Crowdfunding Form, the escrow agent must:

(i) Release and return the proceeds directly to the investors;

(ii) Pay to investors, on a pro rata basis, any interest earned on the proceeds; and

(iii) Not deduct any expenses, including fees of the escrow agent.

(d) No creditor or affiliate of the issuer, portals engaged by the issuer, or escrow agent will have any claim to the escrowed proceeds;

(e) The escrow agent agrees to maintain its independence from the issuer, any portal assisting with the offering, and the officers, directors, managing members, and affiliates of the issuer or any portal assisting with the offering.

(f) The director may inspect the records of the impound account maintained by the escrow agent at any reasonable time at the location of the records, and copy any record that is inspected.

(2) The escrow agreement must be signed by an officer of the issuer and an authorized representative of the escrow agent.

(3) The escrow agent may not be affiliated with the issuer, any portal assisting with the offering, or any officers, director, managing member, or affiliate of the issuer or any portal assisting with the offering.

[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-130, filed 10/1/14, effective 11/1/14.]