By the Committees on Appropriations; and Banking and Insurance; and Senator Richter

A bill to be entitled
An act relating to intrastate crowdfunding; amending s. 517.021, F.S.; conforming a cross-reference; defining the term "intermediary" for purposes of the Florida Securities and Investor Protection Act; amending s. 517.061, F.S.; exempting offers or sales of securities by certain issuers from registration requirements; creating s. 517.0611, F.S.; providing a short title; exempting the intrastate offering and sale of certain securities from certain regulatory requirements; providing applicability; providing registration and reporting requirements for issuers and intermediaries offering such securities; requiring the issuer to provide to the office a copy of a specified escrow agreement; limiting the aggregate amount of sales of such securities within a specified period; limiting the aggregate amount of sales to specified investors; requiring an issuer to produce and distribute an annual report to investors; requiring a notice-filing to be suspended under certain circumstances; specifying that fees collected become revenue of the state; requiring a qualified third party to hold certain funds in escrow; amending s. 517.12, F.S.; providing registration requirements for an intermediary; conforming a cross-reference; amending s. 517.121, F.S.; requiring an intermediary to comply with specified recordkeeping requirements; amending s. 517.161, F.S.; including an intermediary in the disciplinary provisions; amending s. 626.9911,
Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (9) of section 517.021, Florida Statutes, is amended, subsections (13) through (23) are redesignated as subsections (14) through (24), respectively, and a new subsection (13) is added to that section, to read:

517.021 Definitions.—When used in this chapter, unless the context otherwise indicates, the following terms have the following respective meanings:

(9) “Federal covered adviser” means a person who is registered or required to be registered under s. 203 of the Investment Advisers Act of 1940. The term “federal covered adviser” does not include any person who is excluded from the definition of investment adviser under subparagraphs (14)(b)1.-8. (13)(b)1.-8.

(13) “Intermediary” means a natural person residing in the state or a corporation, trust, partnership, association, or other legal entity registered with the Secretary of State to do business in the state which represents an issuer in a transaction involving the offer or sale of securities under s. 517.061.

Section 2. Section 517.061, Florida Statutes, is amended to read:

517.061 Exempt transactions.—Except as otherwise provided in s. 517.0611 for a transaction listed in subsection (21), the exemption for each transaction listed below is self-executing

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CODING: Words stricken are deletions; words underlined are additions.
and does not require any filing with the office before prior to claiming the such exemption. Any person who claims entitlement to any of the exemptions bears the burden of proving such entitlement in any proceeding brought under this chapter. The registration provisions of s. 517.07 do not apply to any of the following transactions; however, such transactions are subject to the provisions of ss. 517.301, 517.311, and 517.312:

(1) At any judicial, executor’s, administrator’s, guardian’s, or conservator’s sale, or at any sale by a receiver or trustee in insolvency or bankruptcy, or any transaction incident to a judicially approved reorganization in which a security is issued in exchange for one or more outstanding securities, claims, or property interests.

(2) By or for the account of a pledgeholder or mortgagee selling or offering for sale or delivery in the ordinary course of business and not for the purposes of avoiding the provisions of this chapter, to liquidate a bona fide debt, a security pledged in good faith as security for such debt.

(3) The isolated sale or offer for sale of securities when made by or on behalf of a vendor not the issuer or underwriter of the securities, who, being the bona fide owner of such securities, disposes of her or his own property for her or his own account, and such sale is not made directly or indirectly for the benefit of the issuer or an underwriter of such securities or for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of this chapter. For purposes of this subsection, isolated offers or sales include, but are not limited to, an isolated offer or sale made by or on behalf of a vendor of
securities not the issuer or underwriter of the securities if:

(a) The offer or sale of securities is in a transaction satisfying all of the requirements of subparagraphs (11)(a)1., 2., 3., and 4. and paragraph (11)(b); or

(b) The offer or sale of securities is in a transaction exempt under s. 4(1) of the Securities Act of 1933, as amended.

For purposes of this subsection, any person, including, without limitation, a promoter or affiliate of an issuer, shall not be deemed an underwriter, an issuer, or a person acting for the direct or indirect benefit of the issuer or an underwriter with respect to any securities of the issuer which she or he has owned beneficially for at least 1 year.

(4) The distribution by a corporation, trust, or partnership, actively engaged in the business authorized by its charter or other organizational articles or agreement, of securities to its stockholders or other equity security holders, partners, or beneficiaries as a stock dividend or other distribution out of earnings or surplus.

(5) The issuance of securities to such equity security holders or other creditors of a corporation, trust, or partnership in the process of a reorganization of such corporation or entity, made in good faith and not for the purpose of avoiding the provisions of this chapter, either in exchange for the securities of such equity security holders or claims of such creditors or partly for cash and partly in exchange for the securities or claims of such equity security holders or creditors.

(6) Any transaction involving the distribution of the
securities of an issuer exclusively among its own security holders, including any person who at the time of the transaction is a holder of any convertible security, any nontransferable warrant, or any transferable warrant which is exercisable within not more than 90 days of issuance, when no commission or other remuneration is paid or given directly or indirectly in connection with the sale or distribution of such additional securities.

(7) The offer or sale of securities to a bank, trust company, savings institution, insurance company, dealer, investment company as defined by the Investment Company Act of 1940, pension or profit-sharing trust, or qualified institutional buyer as defined by rule of the commission in accordance with Securities and Exchange Commission Rule 144A (17 C.F.R. s. 230.144(A)(a)), whether any of such entities is acting in its individual or fiduciary capacity; provided that such offer or sale of securities is not for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of this chapter.

(8) The sale of securities from one corporation to another corporation provided that:

(a) The sale price of the securities is $50,000 or more;

and

(b) The buyer and seller corporations each have assets of $500,000 or more.

(9) The offer or sale of securities from one corporation to another corporation, or to security holders thereof, pursuant to a vote or consent of such security holders as may be provided by the articles of incorporation and the applicable corporate
(10) The issuance of notes or bonds in connection with the acquisition of real property or renewals thereof, if such notes or bonds are issued to the sellers of, and are secured by all or part of, the real property so acquired.

(11)(a) The offer or sale, by or on behalf of an issuer, of its own securities, which offer or sale is part of an offering made in accordance with all of the following conditions:

1. There are no more than 35 purchasers, or the issuer reasonably believes that there are no more than 35 purchasers, of the securities of the issuer in this state during an offering made in reliance upon this subsection or, if such offering continues for a period in excess of 12 months, in any consecutive 12-month period.

2. Neither the issuer nor any person acting on behalf of the issuer offers or sells securities pursuant to this subsection by means of any form of general solicitation or general advertising in this state.

3. Before Prior to the sale, each purchaser or the purchaser’s representative, if any, is provided with, or given reasonable access to, full and fair disclosure of all material information.

4. No person defined as a “dealer” in this chapter is paid a commission or compensation for the sale of the issuer’s securities unless such person is registered as a dealer under this chapter.

5. When sales are made to five or more persons in this state, any sale in this state made pursuant to this subsection
is voidable by the purchaser in such sale either within 3 days after the first tender of consideration is made by such purchaser to the issuer, an agent of the issuer, or an escrow agent or within 3 days after the availability of that privilege is communicated to such purchaser, whichever occurs later.

(b) The following purchasers are excluded from the calculation of the number of purchasers under subparagraph (a)1.:

1. Any relative or spouse, or relative of such spouse, of a purchaser who has the same principal residence as such purchaser.

2. Any trust or estate in which a purchaser, any of the persons related to such purchaser specified in subparagraph 1., and any corporation specified in subparagraph 3. collectively have more than 50 percent of the beneficial interest (excluding contingent interest).

3. Any corporation or other organization of which a purchaser, any of the persons related to such purchaser specified in subparagraph 1., and any trust or estate specified in subparagraph 2. collectively are beneficial owners of more than 50 percent of the equity securities or equity interest.

4. Any purchaser who makes a bona fide investment of $100,000 or more, provided such purchaser or the purchaser’s representative receives, or has access to, the information required to be disclosed by subparagraph (a)3.

5. Any accredited investor, as defined by rule of the commission in accordance with Securities and Exchange Commission Regulation 230.501 (17 C.F.R. s. 230.501).

(c)1. For purposes of determining which offers and sales of
securities constitute part of the same offering under this 
subsection and are therefore deemed to be integrated with one 
another:

   a. Offers or sales of securities occurring more than 6 
      months before 
      an offer or sale of securities made 
pursuant to this subsection shall not be considered part of the 
same offering, provided there are no offers or sales by or for 
the issuer of the same or a similar class of securities during 
such 6-month period.

   b. Offers or sales of securities occurring at any time 
after 6 months from an offer or sale made pursuant to this 
subsection shall not be considered part of the same offering, 
provided there are no offers or sales by or for the issuer of 
the same or a similar class of securities during such 6-month 
period.

2. Offers or sales which do not satisfy the conditions of 
any of the provisions of subparagraph 1. may or may not be part 
of the same offering, depending on the particular facts and 
circumstances in each case. The commission may adopt a rule or 
rules indicating what factors should be considered in 
determining whether offers and sales not qualifying for the 
provisions of subparagraph 1. are part of the same offering for 
purposes of this subsection.

   (d) Offers or sales of securities made pursuant to, and in 
compliance with, any other subsection of this section or any 
subsection of s. 517.051 shall not be considered part of an 
offering pursuant to this subsection, regardless of when such 
offers and sales are made.

   (12) The sale of securities by a bank or trust company
organized or incorporated under the laws of the United States or this state at a profit to such bank or trust company of not more than 2 percent of the total sale price of such securities; provided that there is no solicitation of this business by such bank or trust company where such bank or trust company acts as agent in the purchase or sale of such securities.

(13) An unsolicited purchase or sale of securities on order of, and as the agent for, another by a dealer registered pursuant to the provisions of s. 517.12; provided that this exemption applies solely and exclusively to such registered dealers and does not authorize or permit the purchase or sale of securities on order of, and as agent for, another by any person other than a dealer so registered; and provided, further, that such purchase or sale is not directly or indirectly for the benefit of the issuer or an underwriter of such securities or for the direct or indirect promotion of any scheme or enterprise with the intent of violation or evading any provision of this chapter.

(14) The offer or sale of shares of a corporation which represent ownership, or entitle the holders of the shares to possession and occupancy, of specific apartment units in property owned by such corporation and organized and operated on a cooperative basis, solely for residential purposes.

(15) The offer or sale of securities under a bona fide employer-sponsored stock option, stock purchase, pension, profit-sharing, savings, or other benefit plan when offered only to employees of the sponsoring organization or to employees of its controlled subsidiaries.

(16) The sale by or through a registered dealer of any
securities option if at the time of the sale of the option:

   (a) The performance of the terms of the option is guaranteed by any dealer registered under the federal Securities Exchange Act of 1934, as amended, which guaranty and dealer are in compliance with such requirements or rules as may be approved or adopted by the commission; or

   (b) Such options transactions are cleared by the Options Clearing Corporation or any other clearinghouse recognized by the office; and

   (c) The option is not sold by or for the benefit of the issuer of the underlying security; and

   (d) The underlying security may be purchased or sold on a recognized securities exchange or is quoted on the National Association of Securities Dealers Automated Quotation System;

and

   (e) Such sale is not directly or indirectly for the purpose of providing or furthering any scheme to violate or evade any provisions of this chapter.

(17)(a) The offer or sale of securities, as agent or principal, by a dealer registered pursuant to s. 517.12, when such securities are offered or sold at a price reasonably related to the current market price of such securities, provided such securities are:

   1. Securities of an issuer for which reports are required to be filed by s. 13 or s. 15(d) of the Securities Exchange Act of 1934, as amended;

   2. Securities of a company registered under the Investment Company Act of 1940, as amended;

   3. Securities of an insurance company, as that term is
defined in s. 2(a)(17) of the Investment Company Act of 1940, as amended;

4. Securities, other than any security that is a federal covered security pursuant to s. 18(b)(1) of the Securities Act of 1933 and is not subject to any registration or filing requirements under this act, which appear in any list of securities dealt in on any stock exchange registered pursuant to the Securities Exchange Act of 1934, as amended, and which securities have been listed or approved for listing upon notice of issuance by such exchange, and also all securities senior to any securities so listed or approved for listing upon notice of issuance, or represented by subscription rights which have been so listed or approved for listing upon notice of issuance, or evidences of indebtedness guaranteed by companies any stock of which is so listed or approved for listing upon notice of issuance, such securities to be exempt only so long as such listings or approvals remain in effect. The exemption provided for herein does not apply when the securities are suspended from listing approval for listing or trading.

(b) The exemption provided in this subsection does not apply if the sale is made for the direct or indirect benefit of an issuer or controlling persons of such issuer or if such securities constitute the whole or part of an unsold allotment to, or subscription or participation by, a dealer as an underwriter of such securities.

(c) This exemption shall not be available for any securities which have been denied registration pursuant to s. 517.111. Additionally, the office may deny this exemption with reference to any particular security, other than a federal
covered security, by order published in such manner as the
office finds proper.

(18) The offer or sale of any security effected by or
through a person in compliance with s. 517.12(17).

(19) Other transactions defined by rules as transactions
exempted from the registration provisions of s. 517.07, which
rules the commission may adopt from time to time, but only after
a finding by the office that the application of the provisions
of s. 517.07 to a particular transaction is not necessary in the
public interest and for the protection of investors because of
the small dollar amount of securities involved or the limited
character of the offering. In conjunction with its adoption of
such rules, the commission may also provide in such rules that
persons selling or offering for sale the exempted securities are
exempt from the registration requirements of s. 517.12. No rule
so adopted may have the effect of narrowing or limiting any
exemption provided for by statute in the other subsections of
this section.

(20) Any nonissuer transaction by a registered associated
person of a registered dealer, and any resale transaction by a
sponsor of a unit investment trust registered under the
Investment Company Act of 1940, in a security of a class that
has been outstanding in the hands of the public for at least 90
days; provided, at the time of the transaction:

(a) The issuer of the security is actually engaged in
business and is not in the organization stage or in bankruptcy
or receivership and is not a blank check, blind pool, or shell
company whose primary plan of business is to engage in a merger
or combination of the business with, or an acquisition of, any
unidentified person;

(b) The security is sold at a price reasonably related to the current market price of the security;

(c) The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security;

(d) A nationally recognized securities manual designated by rule of the commission or order of the office or a document filed with the Securities and Exchange Commission that is publicly available through the commission's electronic data gathering and retrieval system contains:

1. A description of the business and operations of the issuer;

2. The names of the issuer’s officers and directors, if any, or, in the case of an issuer not domiciled in the United States, the corporate equivalents of such persons in the issuer’s country of domicile;

3. An audited balance sheet of the issuer as of a date within 18 months before such transaction or, in the case of a reorganization or merger in which parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet; and

4. An audited income statement for each of the issuer’s immediately preceding 2 fiscal years, or for the period of existence of the issuer, if in existence for less than 2 years or, in the case of a reorganization or merger in which the parties to the reorganization or merger had such audited income statement, a pro forma income statement; and

(e) The issuer of the security has a class of equity
securities listed on a national securities exchange registered under the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System, unless:

1. The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;

2. The issuer of the security has been engaged in continuous business, including predecessors, for at least 3 years; or

3. The issuer of the security has total assets of at least $2 million based on an audited balance sheet as of a date within 18 months before such transaction or, in the case of a reorganization or merger in which parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet.

(21) The offer or sale of a security by an issuer conducted in accordance with s. 517.0611.

Section 3. Section 517.0611, Florida Statutes, is created to read:

517.0611 Intrastate crowdfunding.—

(1) This section may be cited as the “Florida Intrastate Crowdfunding Exemption.”

(2) Notwithstanding any other provision of this chapter, an offer or sale of a security by an issuer is an exempt transaction under s. 517.061 if the offer or sale is conducted in accordance with this section. The exemption provided in this section may not be used in conjunction with any other exemption under s. 517.051 or s. 517.061.

(3) The offer or sale of securities under this section must
be conducted in accordance with the requirements of the federal
exemption for intrastate offerings in s. 3(a)(11) of the
Securities Act of 1933, 15 U.S.C. s. 77c(a)(11), and United
States Securities and Exchange Commission Rule 147, 17 C.F.R. s.
230.147, adopted pursuant to the Securities Act of 1933.

(4) An issuer must:
   (a) Be a for-profit business entity formed under the laws
of this state, be registered with the Secretary of State,
maintain its principal place of business in this state, and
derive its revenues primarily from operations in this state.
   (b) Conduct transactions for the offering through a dealer
registered with the office or an intermediary registered under
s. 517.12(20).
   (c) Not be, either before or as a result of the offering,
an investment company as defined in s. 3 of the Investment
Company Act of 1940, 15 U.S.C. s. 80a-3, or subject to the
reporting requirements of s. 13 or s. 15(d) of the Securities
Exchange Act of 1934, 15 U.S.C. s. 78m or s. 78o(d).
   (d) Not be a company with an undefined business operation,
a company that lacks a business plan, a company that lacks a
stated investment goal for the funds being raised, or a company
that plans to engage in a merger or acquisition with an
unspecified business entity.
   (e) Not be subject to a disqualification established by the
commission or office or a disqualification described in s.
517.1611 or United States Securities and Exchange Commission
Rule 506(d), 17 C.F.R. 230.506(d), adopted pursuant to the
Securities Act of 1933. Each director, officer, person occupying
a similar status or performing a similar function, or person
holding more than 20 percent of the shares of the issuer, is subject to this requirement.

(f) Execute an escrow agreement with a federally insured financial institution authorized to do business in this state for the deposit of investor funds, and ensure that all offering proceeds are provided to the issuer only when the aggregate capital raised from all investors is equal to or greater than the target offering amount.

(g) Allow investors to cancel a commitment to invest within 3 business days before the offering deadline, as stated in the disclosure statement, and issue refunds to all investors if the target offering amount is not reached by the offering deadline.

(5) The issuer must file a notice of the offering with the office, in writing or in electronic form, in a format prescribed by commission rule, together with a nonrefundable filing fee of $200. The commission may adopt rules establishing procedures for the deposit of fees and the filing of documents by electronic means if the procedures provide the office with the information and data required by this section. A notice is effective upon receipt of the completed form, filing fee, and an irrevocable written consent to service of civil process, as provided for in s. 517.101, by the office. The notice may be terminated by filing with the office a notice of termination. The notice and offering expire 12 months after filing the notice with the office and are not eligible for renewal. The notice must:

(a) Be filed with the office at least 10 days before the issuer commences an offering of securities or the offering is displayed on a website of an intermediary in reliance upon the exemption provided by this section.
(b) Indicate that the issuer is conducting an offering in reliance upon the exemption provided by this section.

(c) Contain the name and contact information of the issuer.

(d) Identify any predecessors, owners, officers, directors, and control persons or any person occupying a similar status or performing a similar function of the issuer, including that person’s title, his or her status as a partner, trustee, sole proprietor or similar role, and his or her ownership percentage.

(e) Identify the federally insured financial institution, authorized to do business in this state, in which investor funds will be deposited, in accordance with the escrow agreement.

(f) Require an attestation under oath that the issuer, its predecessors, affiliated issuers, directors, officers, and control persons, or any other person occupying a similar status or performing a similar function, are not currently and have not been within the past 10 years the subject of regulatory or criminal actions involving fraud or deceit.

(g) Include documentation verifying that the issuer is organized under the laws of this state and authorized to do business in this state.

(h) Include the intermediary’s website address where the issuer’s securities will be offered.

(i) Include the target offering amount.

(6) The issuer must amend the notice form within 30 days after any information contained in the notice becomes inaccurate for any reason. The commission may require, by rule, an issuer who has filed a notice under this section to file amendments with the office.

(7) The issuer must provide to investors and the dealer or
intermediary, along with a copy to the office at the time the notice is filed, and make available to potential investors through the dealer or intermediary, a disclosure statement containing material information about the issuer and the offering, including:

(a) The name, legal status, physical address, and website address of the issuer.

(b) The names of the directors, officers, and any person occupying a similar status or performing a similar function, and the name of each person holding more than 20 percent of the shares of the issuer.

(c) A description of the business of the issuer and the anticipated business plan of the issuer.

(d) A description of the stated purpose and intended use of the proceeds of the offering.

(e) The target offering amount, the deadline to reach the target offering amount, and regular updates regarding the progress of the issuer in meeting the target offering amount.

(f) The price to the public of the securities or the method for determining the price, provided that before the sale each investor receives in writing the final price and all required disclosures, with an opportunity to rescind the commitment to purchase the securities.

(g) A description of the ownership and capital structure of the issuer, including:

1. Terms of the securities being offered and each class of security of the issuer, including how those terms may be modified, and a summary of the differences between such securities, including how the rights of the securities being
offered may be materially limited, diluted, or qualified by rights of any other class of security of the issuer;

2. A description of how the exercise of the rights held by the principal shareholders of the issuer could negatively impact the purchasers of the securities being offered;

3. The name and ownership level of each existing shareholder who owns more than 20 percent of any class of the securities of the issuer;

4. How the securities being offered are being valued, and examples of methods of how such securities may be valued by the issuer in the future, including during subsequent corporate actions; and

5. The risks to purchasers of the securities relating to minority ownership in the issuer, the risks associated with corporate action, including additional issuances of shares, a sale of the issuer or of assets of the issuer, or transactions with related parties.

(h) A description of the financial condition of the issuer.

1. For offerings that, in combination with all other offerings of the issuer within the preceding 12-month period, have target offering amounts of $100,000 or less, the description must include the most recent income tax return filed by the issuer, if any, and a financial statement that must be certified by the principal executive officer of the issuer as true and complete in all material respects.

2. For offerings that, in combination with all other offerings of the issuer within the preceding 12-month period, have target offering amounts of more than $100,000, but not more than $500,000, the description must include financial statements
prepared in accordance with generally accepted accounting
principles and reviewed by a certified public accountant, as
defined in s. 473.302, who is independent of the issuer, using
professional standards and procedures for such review or
standards and procedures established by the office, by rule, for
such purpose.

3. For offerings that, in combination with all other
offerings of the issuer within the preceding 12-month period,
have target offering amounts of more than $500,000, the
description must include audited financial statements prepared
in accordance with generally accepted accounting principles by a
certified public accountant, as defined in s. 473.302, who is
independent of the issuer, and other requirements as the
commission may establish by rule.

   (i) The following statement in boldface, conspicuous type
on the front page of the disclosure statement:

These securities are offered under and will be sold in reliance
upon an exemption from the registration requirements of federal
and Florida securities laws. Consequently, neither the Federal
Government nor the State of Florida has reviewed the accuracy or
completeness of any offering materials. In making an investment
decision, investors must rely on their own examination of the
issuer and the terms of the offering, including the merits and
risks involved. These securities are subject to restrictions on
transferability and resale and may not be transferred or resold
except as specifically authorized by applicable federal and
state securities laws. Investing in these securities involves a
speculative risk, and investors should be able to bear the loss
of their entire investment.

(8) The issuer shall provide to the office a copy of the escrow agreement with a financial institution authorized to conduct business in this state. All investor funds must be deposited in the escrow account. The escrow agreement must require that all offering proceeds be released to the issuer only when the aggregate capital raised from all investors is equal to or greater than the minimum target offering amount specified in the disclosure statement as necessary to implement the business plan, and that all investors will receive a full return of their investment commitment if that target offering amount is not raised by the date stated in the disclosure statement.

(9) The sum of all cash and other consideration received for sales of a security under this section may not exceed $1 million, less the aggregate amount received for all sales of securities by the issuer within the 12 months preceding the first offer or sale made in reliance upon this exemption. Offers or sales to a person owning 20 percent or more of the outstanding shares of any class or classes of securities or to an officer, director, partner, or trustee, or a person occupying a similar status, do not count toward this limitation.

(10) Unless the investor is an accredited investor as defined by Rule 501 of Regulation D, adopted pursuant to the Securities Act of 1933, the aggregate amount sold by an issuer to an investor in transactions exempt from registration requirements under this subsection in a 12-month period may not exceed:

(a) The greater of $2,000 or 5 percent of the annual income
or net worth of such investor, if the annual income or the net
worth of the investor is less than $100,000.

(b) Ten percent of the annual income or net worth of such
investor, not to exceed a maximum aggregate amount sold of
$100,000, if either the annual income or net worth of the
investor is equal to or exceeds $100,000.

(11) The issuer shall file with the office and provide to
investors free of charge an annual report of the results of
operations and financial statements of the issuer within 45 days
of its fiscal year end, until no securities under this offering
are outstanding. The annual reports must meet the following
requirements:

(a) Include an analysis by management of the issuer of the
business operations and the financial condition of the issuer,
and disclose the compensation received by each director,
executive officer, and person having an ownership interest of 20
percent or more of the issuer, including cash compensation
earned since the previous report and on an annual basis, and any
bonuses, stock options, other rights to receive securities of
the issuer, or any affiliate of the issuer, or other
compensation received.

(b) Disclose any material change to information contained
in the disclosure statements which was not disclosed in a
previous report.

(12)(a) A notice-filing under this section shall be
summarily suspended by the office if the payment for the filing
is dishonored by the financial institution upon which the funds
are drawn. For purposes of s. 120.60(6), failure to pay the
required notice filing fee constitutes an immediate and serious
danger to the public health, safety, and welfare. The office shall enter a final order revoking a notice-filing in which the payment for the filing is dishonored by the financial institution upon which the funds are drawn.

(b) A notice-filing under this section shall be summarily suspended by the office if the issuer made a material false statement in the issuer’s notice-filing. The summary suspension shall remain in effect until a final order is entered by the office. For purposes of s. 120.60(6), a material false statement made in the issuer’s notice-filing constitutes an immediate and serious danger to the public health, safety, and welfare. If an issuer made a material false statement in the issuer’s notice-filing, the office shall enter a final order revoking the notice-filing, issue a fine as prescribed by s. 517.221(3), and issue permanent bars under s. 517.221(4) to the issuer and all owners, officers, directors, and control persons, or any person occupying a similar status or performing a similar function of the issuer, including titles; status as a partner, trustee, sole proprietor, or similar roles; and ownership percentage.

(13) All fees collected under this section become the revenue of the state, except for those assessments provided for under s. 517.131(1) until such time as the Securities Guaranty Fund satisfies the statutory limits, and are not returnable in the event that a notice filing is withdrawn.

(14) An intermediary must:

(a) Take measures, as established by commission rule, to reduce the risk of fraud with respect to transactions, including verifying that the issuer is in compliance with the requirements of this section and, if necessary, denying an issuer access to
its platform if the intermediary believes it is unable to adequately assess the risk of fraud of the issuer or its potential offering.

(b) Provide basic information on its website regarding the high risk of investment in and limitation on the resale of exempt securities and the potential for loss of an entire investment. The basic information must include:

1. A description of the escrow agreement that the issuer has executed and the conditions for release of such funds to the issuer in accordance with the agreement and subsection (4).

2. A description of whether financial information provided by the issuer has been audited by an independent certified public accountant, as defined in s. 473.302.

(c) Obtain a zip code or residence address from each potential investor who seeks to view information regarding specific investment opportunities, in order to confirm that the potential investor is a resident of this state.

(d) Obtain and verify, pursuant to commission rule, a valid Florida driver license number or official identification card number from each investor before purchase of a security or other information, as defined by commission rule, to confirm that the investor is a resident of the state.

(e) Obtain an affidavit from each investor stating that the investment being made by the investor is consistent with the income requirements of subsection (10).

(f) Direct the release of investor funds in escrow in accordance with subsection (4).

(g) Direct investors to transmit funds directly to the financial institution designated in the escrow agreement to hold
the funds for the benefit of the investor.

(h) Provide a monthly update for each offering, after the first full month after the date of the offering. The update must be accessible on the intermediary’s website and must display the date and amount of each sale of securities, and each cancellation of commitment to invest in the previous calendar month.

(i) Require each investor to certify in writing, including as part of such certification his or her signature and his or her initials next to each paragraph of the certification, as follows:

I understand and acknowledge that:

I am investing in a high-risk, speculative business venture. I may lose all of my investment, and I can afford the loss of my investment.

This offering has not been reviewed or approved by any state or federal securities commission or other regulatory authority and no regulatory authority has confirmed the accuracy or determined the adequacy of any disclosure made to me relating to this offering.

The securities I am acquiring in this offering are illiquid and are subject to possible dilution. There is no ready market for the sale of the securities. It may be difficult or impossible for me to sell or otherwise dispose of the securities, and I may be required to hold the securities indefinitely.
I may be subject to tax on my share of the taxable income and losses of the issuer, whether or not I have sold or otherwise disposed of my investment or received any dividends or other distributions from the issuer.

By entering into this transaction with the issuer, I am affirmatively representing myself as being a Florida resident at the time this contract is formed, and if this representation is subsequently shown to be false, the contract is void.

If I resell any of the securities I am acquiring in this offering to a person that is not a Florida resident within 9 months after the closing of the offering, my contract with the issuer for the purchase of these securities is void.

(j) Require each investor to answer questions demonstrating an understanding of the level of risk generally applicable to investments in startups, emerging businesses, and small issuers, and an understanding of the risk of illiquidity.

(k) Take reasonable steps to protect personal information collected from investors, as required by s. 501.171.

(l) Prohibit its directors and officers from having any financial interest in the issuer using its services.

(m) Implement written policies and procedures that are reasonably designed to achieve compliance with federal and state securities laws; comply with anti-money laundering requirements of 31 C.F.R. ch. X applicable to registered brokers; and comply with the privacy requirements of 17 C.F.R. part 248 as they...
(15) An intermediary not registered as a dealer under s. 517.12(6) may not:

(a) Offer investment advice or recommendations. A refusal by an intermediary to post an offering that it deems not credible or that represents a potential for fraud may not be construed as an offer of investment advice or recommendation.

(b) Solicit purchases, sales, or offers to buy securities offered or displayed on its website.

(c) Compensate employees, agents, or other persons for the solicitation or based on the sale of securities offered or displayed on its website.

(d) Hold, manage, possess, or otherwise handle investor funds or securities.

(e) Compensate promoters, finders, or lead generators for providing the intermediary with the personal identifying information of any potential investor.

(f) Engage in any other activities set forth by commission rule.

(16) All funds received from investors must be directed to the financial institution designated in the escrow agreement to hold the funds and must be used in accordance with representations made to investors by the intermediary. If an investor cancels a commitment to invest, the intermediary must direct the financial institution designated to hold the funds to promptly refund the funds of the investor.

Section 4. Section 517.12, Florida Statutes, is amended to read:

517.12 Registration of dealers, associated persons,
intermediaries, and investment advisers.—

(1) No dealer, associated person, or issuer of securities shall sell or offer for sale any securities in or from offices in this state, or sell securities to persons in this state from offices outside this state, by mail or otherwise, unless the person has been registered with the office pursuant to the provisions of this section. The office shall not register any person as an associated person of a dealer unless the dealer with which the applicant seeks registration is lawfully registered with the office pursuant to this chapter.

(2) The registration requirements of this section do not apply to the issuers of securities exempted by s. 517.051(1)-(8) and (10).

(3) Except as otherwise provided in s. 517.061(11)(a)4., (13), (16), (17), or (19), the registration requirements of this section do not apply in a transaction exempted by s. 517.061(1)-(12), (14), and (15).

(4) No investment adviser or associated person of an investment adviser or federal covered adviser shall engage in business from offices in this state, or render investment advice to persons of this state, by mail or otherwise, unless the federal covered adviser has made a notice-filing with the office pursuant to s. 517.1201 or the investment adviser is registered pursuant to the provisions of this chapter and associated persons of the federal covered adviser or investment adviser have been registered with the office pursuant to this section. The office shall not register any person or an associated person of a federal covered adviser or an investment adviser unless the federal covered adviser or investment adviser with which the
applicant seeks registration is in compliance with the notice-filing requirements of s. 517.1201 or is lawfully registered with the office pursuant to this chapter. A dealer or associated person who is registered pursuant to this section may render investment advice upon notification to and approval from the office.

(5) No dealer or investment adviser shall conduct business from a branch office within this state unless the branch office is notice-filed with the office pursuant to s. 517.1202.

(6) A dealer, associated person, or investment adviser, in order to obtain registration, must file with the office a written application, on a form which the commission may by rule prescribe. The commission may establish, by rule, procedures for depositing fees and filing documents by electronic means provided such procedures provide the office with the information and data required by this section. Each dealer or investment adviser must also file an irrevocable written consent to service of civil process similar to that provided for in s. 517.101. The application shall contain such information as the commission or office may require concerning such matters as:

(a) The name of the applicant and the address of its principal office and each office in this state.

(b) The applicant’s form and place of organization; and, if the applicant is a corporation, a copy of its articles of incorporation and amendments to the articles of incorporation or, if a partnership, a copy of the partnership agreement.

(c) The applicant’s proposed method of doing business and financial condition and history, including a certified financial statement showing all assets and all liabilities, including
contingent liabilities of the applicant as of a date not more 
than 90 days prior to the filing of the application.

(d) The names and addresses of all associated persons of 
the applicant to be employed in this state and the offices to 
which they will be assigned.

(7) The application must also contain such information as 
the commission or office may require about the applicant; any 
member, principal, or director of the applicant or any person 
having a similar status or performing similar functions; any 
person directly or indirectly controlling the applicant; or any 
employee of a dealer or of an investment adviser rendering 
investment advisory services. Each applicant and any direct 
owners, principals, or indirect owners that are required to be 
reported on Form BD or Form ADV pursuant to subsection (15) 
shall submit fingerprints for live-scan processing in accordance 
with rules adopted by the commission. The fingerprints may be 
submitted through a third-party vendor authorized by the 
Department of Law Enforcement to provide live-scan 
fingerprinting. The costs of fingerprint processing shall be 
borne by the person subject to the background check. The 
Department of Law Enforcement shall conduct a state criminal 
history background check, and a federal criminal history 
background check must be conducted through the Federal Bureau of 
Investigation. The office shall review the results of the state 
and federal criminal history background checks and determine 
whether the applicant meets licensure requirements. The 
commission may waive, by rule, the requirement that applicants, 
including any direct owners, principals, or indirect owners that 
are required to be reported on Form BD or Form ADV pursuant to 

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subsection (15), submit fingerprints or the requirement that such fingerprints be processed by the Department of Law Enforcement or the Federal Bureau of Investigation. The commission or office may require information about any such applicant or person concerning such matters as:

(a) His or her full name, and any other names by which he or she may have been known, and his or her age, social security number, photograph, qualifications, and educational and business history.

(b) Any injunction or administrative order by a state or federal agency, national securities exchange, or national securities association involving a security or any aspect of the securities business and any injunction or administrative order by a state or federal agency regulating banking, insurance, finance, or small loan companies, real estate, mortgage brokers, or other related or similar industries, which injunctions or administrative orders relate to such person.

(c) His or her conviction of, or plea of nolo contendere to, a criminal offense or his or her commission of any acts which would be grounds for refusal of an application under s. 517.161.

(d) The names and addresses of other persons of whom the office may inquire as to his or her character, reputation, and financial responsibility.

(8) The commission or office may require the applicant or one or more principals or general partners, or natural persons exercising similar functions, or any associated person applicant to successfully pass oral or written examinations. Because any principal, manager, supervisor, or person exercising similar
functions shall be responsible for the acts of the associated persons affiliated with a dealer, the examination standards may be higher for a dealer, office manager, principal, or person exercising similar functions than for a nonsupervisory associated person. The commission may waive the examination process when it determines that such examinations are not in the public interest. The office shall waive the examination requirements for any person who has passed any tests as prescribed in s. 15(b)(7) of the Securities Exchange Act of 1934 that relates to the position to be filled by the applicant.

(9)(a) All dealers, except securities dealers who are designated by the Federal Reserve Bank of New York as primary government securities dealers or securities dealers registered as issuers of securities, shall comply with the net capital and ratio requirements imposed pursuant to the Securities Exchange Act of 1934. The commission may by rule require a dealer to file with the office any financial or operational information that is required to be filed by the Securities Exchange Act of 1934 or any rules adopted under such act.

(b) The commission may by rule require the maintenance of a minimum net capital for securities dealers who are designated by the Federal Reserve Bank of New York as primary government securities dealers and securities dealers registered as issuers of securities and investment advisers, or prescribe a ratio between net capital and aggregate indebtedness, to assure adequate protection for the investing public. The provisions of this section shall not apply to any investment adviser that maintains its principal place of business in a state other than this state, provided such investment adviser is registered in

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the state where it maintains its principal place of business and
is in compliance with such state’s net capital requirements.

(10) An applicant for registration shall pay an assessment
fee of $200, in the case of a dealer or investment adviser, or
$50, in the case of an associated person. An associated person
may be assessed an additional fee to cover the cost for the
fingerprints to be processed by the office. Such fee shall be
determined by rule of the commission. Such fees become the
revenue of the state, except for those assessments provided for
under s. 517.131(1) until such time as the Securities Guaranty
Fund satisfies the statutory limits, and are not returnable in
the event that registration is withdrawn or not granted.

(11) If the office finds that the applicant is of good
repute and character and has complied with the provisions of
this chapter and the rules made pursuant hereto, it shall
register the applicant. The registration of each dealer,
investment adviser, and associated person expires on December 31
of the year the registration became effective unless the
registrant has renewed his or her registration on or before that
date. Registration may be renewed by furnishing such information
as the commission may require, together with payment of the fee
required in subsection (10) for dealers, investment advisers, or
associated persons and the payment of any amount lawfully due
and owing to the office pursuant to any order of the office or
pursuant to any agreement with the office. Any dealer,
investment adviser, or associated person who has not renewed a
registration by the time the current registration expires may
request reinstatement of such registration by filing with the
office, on or before January 31 of the year following the year
of expiration, such information as may be required by the
commission, together with payment of the fee required in
subsection (10) for dealers, investment advisers, or associated
persons and a late fee equal to the amount of such fee. Any
reinstatement of registration granted by the office during the
month of January shall be deemed effective retroactive to
January 1 of that year.

(12)(a) The office may issue a license to a dealer,
investment adviser, or associated person to evidence
registration under this chapter. The office may require the
return to the office of any license it may issue prior to
issuing a new license.

(b) Every dealer, investment adviser, or federal covered
adviser shall promptly file with the office, as prescribed by
rules adopted by the commission, notice as to the termination of
employment of any associated person registered for such dealer
or investment adviser in this state and shall also furnish the
reason or reasons for such termination.

(c) Each dealer or investment adviser shall designate in
writing to, and register with, the office a manager for each
office the dealer or investment adviser has in this state.

(13) Changes in registration occasioned by changes in
personnel of a partnership or in the principals, copartners,
officers, or directors of any dealer or investment adviser or by
changes of any material fact or method of doing business shall
be reported by written amendment in such form and at such time
as the commission may specify. In any case in which a person or
a group of persons, directly or indirectly or acting by or
through one or more persons, proposes to purchase or acquire a
controlling interest in a registered dealer or investment adviser, such person or group shall submit an initial application for registration as a dealer or investment adviser prior to such purchase or acquisition. The commission shall adopt rules providing for waiver of the application required by this subsection where control of a registered dealer or investment adviser is to be acquired by another dealer or investment adviser registered under this chapter or where the application is otherwise unnecessary in the public interest.

(14) Every dealer or investment adviser registered or required to be registered or branch office notice-filed or required to be notice-filed with the office shall keep records of all currency transactions in excess of $10,000 and shall file reports, as prescribed under the financial recordkeeping regulations in 31 C.F.R. part 103, with the office when transactions occur in or from this state. All reports required by this subsection to be filed with the office shall be confidential and exempt from s. 119.07(1) except that any law enforcement agency or the Department of Revenue shall have access to, and shall be authorized to inspect and copy, such reports.

(15)(a) In order to facilitate uniformity and streamline procedures for persons who are subject to registration or notification in multiple jurisdictions, the commission may adopt by rule uniform forms that have been approved by the Securities and Exchange Commission, and any subsequent amendments to such forms, if the forms are substantially consistent with the provisions of this chapter. Uniform forms that the commission may adopt to administer this section include, but are not
limited to:

1. Form BR, Uniform Branch Office Registration Form, adopted October 2005.
5. Form ADV-W, Notice of Withdrawal from Registration as an Investment Adviser, adopted October 2003.

(b) In lieu of filing with the office the applications specified in subsection (6), the fees required by subsection (10), the renewals required by subsection (11), and the termination notices required by subsection (12), the commission may by rule establish procedures for the deposit of such fees and documents with the Central Registration Depository or the Investment Adviser Registration Depository of the Financial Industry Regulatory Authority, as developed under contract with the North American Securities Administrators Association, Inc.

(16) Except for securities dealers who are designated by the Federal Reserve Bank of New York as primary government securities dealers or securities dealers registered as issuers of securities, every applicant for initial or renewal registration as a securities dealer and every person registered
as a securities dealer shall be registered as a broker or dealer
with the Securities and Exchange Commission and shall be subject
to insurance coverage by the Securities Investor Protection
Corporation.

(17)(a) A dealer that is located in Canada, does not have
an office or other physical presence in this state, and has made
a notice-filing in accordance with this subsection is exempt
from the registration requirements of this section and may
effect transactions in securities with or for, or induce or
attempt to induce the purchase or sale of any security by:

1. A person from Canada who is present in this state and
with whom the Canadian dealer had a bona fide dealer-client
relationship before the person entered the United States; or

2. A person from Canada who is present in this state and
whose transactions are in a self-directed, tax-advantaged
retirement plan in Canada of which the person is the holder or
contributor.

(b) A notice-filing under this subsection must consist of
documents the commission by rule requires to be filed, together
with a consent to service of process and a nonrefundable filing
fee of $200. The commission may establish by rule procedures for
the deposit of fees and the filing of documents to be made by
electronic means, if such procedures provide the office with the
information and data required by this section.

(c) A Canadian dealer may make a notice-filing under this
subsection if the dealer provides to the office:

1. A notice-filing in the form the commission requires by
rule.

2. A consent to service of process.
3. Evidence that the Canadian dealer is registered as a dealer in the jurisdiction in which the dealer’s main office is located.

4. Evidence that the Canadian dealer is a member of a self-regulatory organization or stock exchange in Canada.

(d) The office may issue a permit to evidence the effectiveness of a notice-filing for a Canadian dealer.

(e) A notice-filing is effective upon receipt by the office. A notice-filing expires on December 31 of the year in which the filing becomes effective unless the Canadian dealer has renewed the filing on or before that date. A Canadian dealer may annually renew a notice-filing by furnishing to the office such information as the office requires together with a renewal fee of $200 and the payment of any amount due and owing the office pursuant to any agreement with the office. Any Canadian dealer who has not renewed a notice-filing by the time a current notice-filing expires may request reinstatement of such notice-filing by filing with the office, on or before January 31 of the year following the year the notice-filing expires, such information as the commission requires by rule, together with the payment of $200 and a late fee of $200. A reinstatement of a notice-filing granted by the office during the month of January is effective retroactively to January 1 of that year.

(f) An associated person who represents a Canadian dealer who has made a notice-filing under this subsection is exempt from the registration requirements of this section and may effect transactions in securities in this state as permitted for a dealer under paragraph (a) if such person is registered in the jurisdiction from which he or she is effecting transactions into
(g) A Canadian dealer who has made a notice-filing under this subsection shall:

1. Maintain its provincial or territorial registration and its membership in a self-regulatory organization or stock exchange in good standing.
2. Provide the office upon request with its books and records relating to its business in this state as a dealer.
3. Provide the office upon request notice of each civil, criminal, or administrative action initiated against the dealer.
4. Disclose to its clients in this state that the dealer and its associated persons are not subject to the full regulatory requirements under this chapter.
5. Correct any inaccurate information within 30 days after the information contained in the notice-filing becomes inaccurate for any reason.

(h) An associated person representing a Canadian dealer who has made a notice-filing under this subsection shall:

1. Maintain provincial or territorial registration in good standing.
2. Provide the office upon request with notice of each civil, criminal, or administrative action initiated against such person.

(i) A notice-filing may be terminated by filing notice of such termination with the office. Unless another date is specified by the Canadian dealer, such notice is effective upon receipt of the notice by the office.

(j) All fees collected under this subsection become the revenue of the state, except those assessments provided for...
under s. 517.131(1), until the Securities Guaranty Fund has satisfied the statutory limits. Such fees are not returnable if a notice-filing is withdrawn.

(18) Every dealer or associated person registered or required to be registered with the office shall satisfy any continuing education requirements established by rule pursuant to law.

(19) The registration requirements of this section which apply to investment advisers and associated persons do not apply to a commodity trading adviser who:

(a) Is registered as such with the Commodity Futures Trading Commission pursuant to the Commodity Exchange Act.

(b) Advises or exercises trading discretion, with respect to foreign currency options listed and traded exclusively on the Philadelphia Stock Exchange, on behalf of an “appropriate person” as defined by the Commodity Exchange Act.

The exemption provided in this subsection does not apply to a commodity trading adviser who engages in other activities that require registration under this chapter.

(20) An intermediary may not engage in business in this state unless the intermediary is registered as a dealer or as an intermediary with the office pursuant to this section to facilitate the offer or sale of securities in accordance with s. 517.0611. An intermediary, in order to obtain registration, must file with the office a written application on a form prescribed by commission rule and pay a registration fee of $200. The commission may establish by rule procedures for depositing fees and filing documents by electronic means if such procedures
provide the office with the information and data required by this section. Each intermediary must also file an irrevocable written consent to service of civil process, as provided for in s. 517.101.

(a) The application must contain such information as the commission or office may require concerning:

1. The name of the applicant and address of its principal office and each office in this state.

2. The applicant’s form and place of organization; and if the applicant is a corporation, a copy of its articles of incorporation and amendments to the articles of incorporation or, if a partnership, a copy of the partnership agreement.

3. The website address where securities of the issuer will be offered.

4. Contact information.

(b) The application must also contain such information as the commission may require by rule about the applicant; any member, principal, or director of the applicant or any person having a similar status or performing similar functions; or any persons directly or indirectly controlling the applicant. Each applicant and any direct owners, principals, or indirect owners that are required to be reported on a form adopted by commission rule shall submit fingerprints for live-scan processing in accordance with rules adopted by the commission. The fingerprints may be submitted through a third-party vendor authorized by the Department of Law Enforcement to provide live-scan fingerprinting. The costs of fingerprint processing shall be borne by the person subject to the background check. The Department of Law Enforcement shall conduct a state criminal
history background check, and a federal criminal history background check must be conducted through the Federal Bureau of Investigation. The office shall review the results of the state and federal criminal history background checks and determine whether the applicant meets licensure requirements. The commission may waive, by rule, the requirement that applicants, including any direct owners, principals, or indirect owners, that are required to be reported on a form adopted by commission rule submit fingerprints or the requirement that such fingerprints be processed by the Department of Law Enforcement or the Federal Bureau of Investigation. The commission, by rule, or the office may require information about any applicant or person concerning such matters as:

1. His or her full name and any other names by which he or she may have been known and his or her age, social security number, photograph, qualifications, and educational and business history.

2. Any injunction or administrative order by a state or federal agency, national securities exchange, or national securities association involving a security or any aspect of the securities business and any injunction or administrative order by a state or federal agency regulating banking, insurance, finance, or small loan companies, real estate, mortgage brokers, or other related or similar industries, which relate to such person.

3. His or her conviction of, or plea of nolo contendere to, a criminal offense or his or her commission of any acts that would be grounds for refusal of an application under s. 517.161.

(c) The application must be amended within 30 days if any
information contained in the form becomes inaccurate for any reason.

    (d) An intermediary or persons affiliated with the intermediary may not be subject to any disqualification described in s. 517.1611 or the United States Securities and Exchange Commission Rule 506(d), 17 C.F.R. 230.506(d), adopted pursuant to the Securities Act of 1933. Each director, officer, control person of the issuer, any person occupying a similar status or performing a similar function, and each person holding more than 20 percent of the shares of the intermediary is subject to this requirement.

    (e) If the office finds that the applicant is of good repute and character and has complied with the provisions of this chapter and the rules made pursuant hereto, it shall register the applicant. The registration of each intermediary expires on December 31 of the year the registration became effective unless the registrant has renewed his or her registration on or before that date. Registration may be renewed by furnishing such information as the commission may require by rule, together with payment of the fee of $200 and the payment of any amount due to the office pursuant to any order of the office or pursuant to any agreement with the office. An intermediary who has not renewed a registration by filing with the office on or before January 31 of the year following the year of expiration must submit the information that may be required by the commission, together with payment of the $200 fee and a late fee of $200. Any reinstatement of registration granted by the office during the month of January shall be deemed effective retroactive to January 1 of that year.
The registration requirements of this section do not apply to any general lines insurance agent or life insurance agent licensed under chapter 626, for the sale of a security as defined in s. 517.021(22)(g) or 517.021(21)(g), if the individual is directly authorized by the issuer to offer or sell the security on behalf of the issuer and the issuer is a federally chartered savings bank subject to regulation by the Federal Deposit Insurance Corporation. Actions under this subsection shall constitute activity under the insurance agent’s license for purposes of ss. 626.611 and 626.621.

Section 5. Subsections (1) and (2) of section 517.121, Florida Statutes, are amended to read:

517.121 Books and records requirements; examinations.—
(1) A dealer, investment adviser, branch office, or associated person, or intermediary shall maintain such books and records as the commission may prescribe by rule.

(2) The office shall, at intermittent periods, examine the affairs and books and records of each registered dealer, investment adviser, associated person, intermediary, or branch office notice-filed with the office, or require such records and reports to be submitted to it as required by rule of the commission, to determine compliance with this act.

Section 6. Section 517.161, Florida Statutes, is amended to read:

517.161 Revocation, denial, or suspension of registration of dealer, investment adviser, intermediary, or associated person.—

(1) Registration under s. 517.12 may be denied or any registration granted may be revoked, restricted, or suspended by
the office if the office determines that such applicant or registrant; any member, principal, or director of the applicant or registrant or any person having a similar status or performing similar functions; or any person directly or indirectly controlling the applicant or registrant:

(a) Has violated any provision of this chapter or any rule or order made under this chapter;

(b) Has made a material false statement in the application for registration;

(c) Has been guilty of a fraudulent act in connection with rendering investment advice or in connection with any sale of securities, has been or is engaged or is about to engage in making fictitious or pretended sales or purchases of any such securities or in any practice involving the rendering of investment advice or the sale of securities which is fraudulent or in violation of the law;

(d) Has made a misrepresentation or false statement to, or concealed any essential or material fact from, any person in the rendering of investment advice or the sale of a security to such person;

(e) Has failed to account to persons interested for all money and property received;

(f) Has not delivered, after a reasonable time, to persons entitled thereto securities held or agreed to be delivered by the dealer, broker, or investment adviser, as and when paid for, and due to be delivered;

(g) Is rendering investment advice or selling or offering for sale securities through any associated person not registered in compliance with the provisions of this chapter;
(h) Has demonstrated unworthiness to transact the business of dealer, investment adviser, intermediary, or associated person;

(i) Has exercised management or policy control over or owned 10 percent or more of the securities of any dealer, intermediary, or investment adviser that has been declared bankrupt, or had a trustee appointed under the Securities Investor Protection Act; or is, in the case of a dealer, intermediary, or investment adviser, insolvent;

(j) Has been convicted of, or has entered a plea of guilty or nolo contendere to, regardless of whether adjudication was withheld, a crime against the laws of this state or any other state or of the United States or of any other country or government which relates to registration as a dealer, investment adviser, issuer of securities, intermediary, or associated person; which relates to the application for such registration; or which involves moral turpitude or fraudulent or dishonest dealing;

(k) Has had a final judgment entered against her or him in a civil action upon grounds of fraud, embezzlement, misrepresentation, or deceit;

(l) Is of bad business repute;

(m) Has been the subject of any decision, finding, injunction, suspension, prohibition, revocation, denial, judgment, or administrative order by any court of competent jurisdiction, administrative law judge, or by any state or federal agency, national securities, commodities, or option exchange, or national securities, commodities, or option association, involving a violation of any federal or state
securities or commodities law or any rule or regulation promulgated thereunder, or any rule or regulation of any national securities, commodities, or options exchange or national securities, commodities, or options association, or has been the subject of any injunction or adverse administrative order by a state or federal agency regulating banking, insurance, finance or small loan companies, real estate, mortgage brokers or lenders, money transmitters, or other related or similar industries. For purposes of this subsection, the office may not deny registration to any applicant who has been continuously registered with the office for 5 years after the date of entry of such decision, finding, injunction, suspension, prohibition, revocation, denial, judgment, or administrative order provided such decision, finding, injunction, suspension, prohibition, revocation, denial, judgment, or administrative order has been timely reported to the office pursuant to the commission’s rules; or

(n) Made payment to the office for a registration with a check or electronic transmission of funds that is dishonored by the applicant’s or registrant’s financial institution.

(2) The payment or anticipated payment of any amount from the Securities Guaranty Fund in settlement of a claim or in satisfaction of a judgment against an applicant or registrant constitutes prima facie grounds for the denial of the applicant’s application for registration or the revocation of the registrant’s registration.

(3) In the event the office determines to deny an application or revoke a registration, it shall enter a final order with its findings on the register of dealers and
associated persons; and denial, suspension, or revocation of the registration of a dealer, intermediary, or investment adviser shall also deny, suspend, or revoke the registration of all her or his associated persons.

(4) It shall be sufficient cause for denial of an application or revocation of registration, in the case of a partnership, corporation, or unincorporated association, if any member of the partnership or any officer, director, or ultimate equitable owner of the corporation or association has committed any act or omission which would be cause for denying, revoking, restricting, or suspending the registration of an individual dealer, investment adviser, intermediary, or associated person. As used in this subsection, the term “ultimate equitable owner” means a natural person who directly or indirectly owns or controls an ownership interest in the corporation, partnership, association, or other legal entity however organized, regardless of whether such natural person owns or controls such ownership interest through one or more proxies, powers of attorney, nominees, corporations, associations, partnerships, trusts, joint stock companies, or other entities or devices, or any combination thereof.

(5) The office may deny any request to terminate or withdraw any application or registration if the office believes that an act which would be a ground for denial, suspension, restriction, or revocation under this chapter has been committed.

(6) Registration under s. 517.12 may be denied or any registration granted may be suspended or restricted if an applicant or registrant is charged, in a pending enforcement
action or pending criminal prosecution, with any conduct that would authorize denial or revocation under subsection (1).

Registration under s. 517.12 may be suspended or restricted if a registrant is arrested for any conduct that would authorize revocation under subsection (1).

(a) Any denial of registration ordered under this subsection shall be without prejudice to the applicant’s ability to reapply for registration.

(b) Any order of suspension or restriction under this subsection shall:

1. Take effect only after a hearing, unless no hearing is requested by the registrant or unless the suspension or restriction is made in accordance with s. 120.60(6).

2. Contain a finding that evidence of a prima facie case supports the charge made in the enforcement action or criminal prosecution.

3. Operate for no longer than 10 days beyond receipt of notice by the office of termination with respect to the registrant of the enforcement action or criminal prosecution.

(c) For purposes of this subsection:

1. The term “enforcement action” means any judicial proceeding or any administrative proceeding where such judicial or administrative proceeding is brought by an agency of the United States or of any state to enforce or restrain violation of any state or federal law, or any disciplinary proceeding maintained by the Financial Industry Regulatory Authority, the National Futures Association, or any other similar self-regulatory organization.

2. An enforcement action is pending at any time after
notice to the applicant or registrant of such action and is terminated at any time after entry of final judgment or decree in the case of judicial proceedings, final agency action in the case of administrative proceedings, and final disposition by a self-regulatory organization in the case of disciplinary proceedings.

3. A criminal prosecution is pending at any time after criminal charges are filed and is terminated at any time after conviction, acquittal, or dismissal.

Section 7. Paragraph (b) of subsection (4) of section 626.9911, Florida Statutes, is amended to read:

626.9911 Definitions.—As used in this act, the term:

(4) “Life expectancy provider” means a person who determines, or holds himself or herself out as determining, life expectancies or mortality ratings used to determine life expectancies:

(b) In connection with a viatical settlement investment, pursuant to s. 517.021(24) s. 517.021(23); or

Section 8. For the 2015-2016 fiscal year, the sum of $120,000 in nonrecurring funds from the Regulatory Trust Fund is appropriated to the Office of Financial Regulation for the purpose of implementing this act.

Section 9. This act shall take effect October 1, 2015.