



MNvest
Fact Sheet
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WHAT: MNvest is proposed legislation that would make it legal for Minnesota businesses to raise capital through the online selling of securities to all Minnesota residents.

MNvest will encourage entrepreneurship, expand small businesses, create jobs, increase the tax base, and allow all Minnesotans a chance to support and finance local businesses.

WHY: The current securities laws are outdated and inhibit companies from taking full advantage of connecting with potential local investors through the internet. Minnesota has an opportunity to take action bringing our securities laws into the 21st Century; greatly benefitting local small businesses and investors.

- Financial regulations currently in place, many developed in 1933, make it difficult and expensive for business owners to raise capital from the public. These laws make it nearly impossible for the vast majority of Minnesotans to invest in private companies.
- In 2012 Congress passed the JOBS Act, which directed the SEC to develop new rules that would legalize securities crowdfunding. Two+ years later the SEC has proposed 587 pages of rules, which have been met with much criticism. Due to the delay and inability to create rules helping entrepreneurs, states have passed their own similar legislation.
- MNvest will bring Great Depression-era investment laws up-to-date to meet the needs of today's Minnesota entrepreneurs and small business owners.

WHO: A broad coalition of companies, trade groups, service providers, and politicians have joined forces to bring equity crowdfunding to Minnesota.

The proposed legislation will be introduced in the 2015 legislative session.



FREQUENTLY ASKED QUESTIONS

WHAT IS EQUITY CROWDFUNDING?

The concept of equity crowdfunding is like the concept behind Kickstarter – except instead of donating for rewards, individuals invest in exchange for an equity interest in the business.

- Equity crowdfunding allows entrepreneurs to publicly advertise their need for capital and, in exchange, contributors receive ownership in the company.

IS EQUITY CROWDFUNDING LEGAL IN OTHER STATES?

Minnesota is at a competitive disadvantage to 13 states that permit equity crowdfunding.

- 13 states have adopted their own legislation that allow businesses to directly advertise for and raise capital by selling securities online. These states include Wisconsin, Michigan, Texas, Washington and Indiana.
- 14 more states have similar proposals that are in the process of becoming law.

WHO WILL BENEFIT FROM EQUITY CROWDFUNDING?

Equity crowdfunding would benefit Minnesota entrepreneurs and the state in numerous ways.

- State – increased revenues, additional jobs and more vibrant economy
- Entrepreneurs – easier, faster, and cheaper access to capital
- Minnesota Residents – can become owners and investors in local businesses

Consumer Protection

MNvest is well thought out with both consumer and business protections in mind.

- Accredited investors can invest an unlimited amount but non-accredited investors are limited to investments capped at \$10,000 per transaction.
- Investor funds must be held in escrow until a minimum funding target is reached.
- Companies must provide a prospectus to investors that complies with SEC rulings and the securities offering must be made through a registered MNvest portal, which may be developed by the issuer, or a third party.
- Any Minnesota business can raise up to \$2 million without an audit and up to \$5 million with an audit of financial statements during any 12-month period.

Show your support and find out more at www.mnvest.org.

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