

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
108TH LEGISLATURE  
FIRST REGULAR SESSION

(Filing No. H-863)

HOUSE AMENDMENT "A" to S.P. 200, L.D. 598, Bill,  
"AN ACT Concerning the Blue Sky Law."

Amend the Bill by striking out everything after the  
enacting clause and inserting in its place the following:

'Sec. 1. 32 MRSA §874, sub-§9, as enacted by  
PL 1967, c. 484, §10, is amended to read:

9. Corporation; 10 or fewer holders. Any sale of securities of a corporation organized under the laws of this State if the number of holders of such securities does not at the time of such sale, and will not in consequence of such sale exceed 10 in number exclusive of persons specified in subsection 8. Under no circumstances shall the exemption under this subsection apply when there are more than 10 stockholders in any given business entity, regardless of the number of classes of stock offered.

Sec. 2. 32 MRSA §874, sub-§9-A is enacted to read:

9-A. Corporation; 11 to 25 holders. Any sale of securities of a corporation organized under the laws of this State if the number of holders of such securities does at the time of the sale, or will in consequence of such sale exceed 10 but does not at the time of such sale, and will not in consequence of such sale exceed 25 in number exclusive of persons specified in subsection 8, and if the securities sold in reliance of this subsection have not been

offered to the general public by advertisement or solicitation. Any person who shall rely on this exemption, for sales of securities of a corporation organized under the laws of this State, which shall result in, as a consequence of such sales, from more than 10 but not more than 25 holders of such securities, shall file with the Bank Superintendent, a notification for exemption which shall be in the form, as follows:

NOTIFICATION FOR EXEMPTION

(To be filed with the Bank Superintendent, State of Maine, with a copy to be made available to each offeree of securities sold in reliance on this exemption.)

A. 1. Name, address and telephone number of the issuer corporation.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. State of incorporation and date incorporated.

\_\_\_\_\_  
\_\_\_\_\_

3. Name, address and telephone number of persons who may respond to inquiries about the issuer.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Location at which the books and records of the issuer shall be kept.

\_\_\_\_\_

\_\_\_\_\_

5. Shall books and records be available for inspection by shareholders?

Yes  No

Explain \_\_\_\_\_

B. 1. Describe all classes of securities including newly authorized classes of securities of the issuer providing the number of authorized units, of each class, par value per unit of each class and the number of units of each class as are issued and outstanding.

Class	No. of units Authorized	Par Value	No. of units outstanding

2. Describe the class of securities as shall be offered for sale, indicating the number of units authorized, par value per unit, the number of units currently outstanding, the number of units being offered for sale, the number of units to be outstanding and the price at which each unit is offered for sale.

Class	Authorized	Par	Outstanding	Offering to be outstanding	Price

C. Describe the rights of holders of the securities offered pursuant to this exemption, including voting rights and if cumulative or noncumulative, liquidation rights, preemptive rights and any other rights or limitations applicable to the securities.

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D. State whether an annual meeting of securities holders shall be held, and if so, the location, time, date, how securities holders shall be notified and if an annual financial statement and report of activities shall be available to securities holders.

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E. Describe briefly how the proceeds from the offering shall be used and if proceeds shall be returned to investors if a minimum amount of \$ \_\_\_\_\_ is not raised by a specific date.

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F. Describe briefly the issuers plan of business and whether the business is currently operational.

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G. List the significant risks which may be assumed by a purchaser of securities, including but not limited to:

1. Management experiences
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2. Competitive and economic factors

3. Net worth position of the issuer

4. The improbable or limited opportunity for resales of securities.

H. Include the legend:

"The issuer is required to make a reasonable finding that the securities offered are a suitable investment for the purchaser and that the purchaser shall be able, financially and economically, to bear the risk of entire loss of invested capital."

I. Include the legend:

"These securities are offered pursuant to an exemption under Title 32, section 874, subsection 9-A of the Maine Securities Act and are not registered with the Bank Superintendent of the State of Maine."

J. Include the legend:

"The securities offered for sale may be deemed restricted securities and as such the holder may not be able to resell the securities unless pursuant to registration under state or federal securities laws or unless an available exemption under such laws exists."

The Bank Superintendent may promulgate regulations as are deemed necessary to further define or implement the provisions

of this subsection, consistent with the intent of this subsection. The Bank Superintendent may deny, suspend or revoke any exemption claimed under this subsection, if he shall deem such action to be in the public interest. Under no circumstances shall the exemption under this subsection apply when there are more than 25 stockholders in any given business entity, regardless of the number of classes of stock offered.'

Statement of Fact

This amendment provides for a short form of registration under the Blue Sky Laws for <sup>businesses</sup> with more than 10, but not more than 25, stock holders.

Filed by Mr. Howe of South Portland.

Reproduced and distributed under the direction of the Clerk of the House.  
6/28/77

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