

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 531

Short Title: Exempt Certain Securities.

(Public)

Sponsors: Representatives Davis; Allred, Arnold, Brawley, W. Brown, Buchanan, Cansler, Capps, Church, Culp, Decker, Edwards, Fox, Grady, Hayes, Hiatt, Hill, Ives, Linney, Mitchell, Nichols, Pate, Reynolds, Robinson, Sexton, Shaw, Shubert, Snowden, Sutton, Wainwright, C. Wilson, and G. Wilson.

Referred to: Judiciary II.

March 23, 1995

1 A BILL TO BE ENTITLED
2 AN ACT TO EXEMPT CERTAIN SECURITIES FROM THE STATE
3 REGISTRATION REQUIREMENTS.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S 78A-16 is amended by adding a new subdivision to read:

6 "(16) Subject to the limitations below, any note issued by a domestic
7 partnership, domestic sole proprietorship, or domestic corporation that:

8 a. Has a net worth of at least one million dollars (\$1,000,000);

9 b. Has been doing business in this State for at least 10 years at the
10 time of issuance;

11 c. Has a certified account statement for the past 10 years;

12 d. Has a profit of two percent (2%) of its total assets for seven of
13 the 10 years prior to issuance;

14 e. Has no delinquent federal or State taxes at the time of issuance;
15 and

16 f. Has not filed for bankruptcy during the 10 years prior to
17 issuance.

1 Notes authorized for exemption under this subdivision may be issued
2 for periods of up to five years, and the total notes issued under this
3 subdivision may not exceed five times the net worth of the partnership,
4 sole proprietorship, or corporation. Capital raised from the sale of notes
5 pursuant to this subdivision may not be used to pay the private debts of
6 the sole proprietor, partners, or stockholders. Advertisements for notes
7 authorized by this subdivision shall clearly state that the notes being
8 offered are not guaranteed by any governmental agency. The
9 Administrator shall review any proposal for exemption under this
10 subdivision, and no securities may be exempted under this subdivision
11 without the approval of the Administrator. The Administrator may
12 adopt rules to implement the provisions of this section and may
13 establish a fee to recover the administrative cost of reviewing a proposal
14 under this subdivision, not to exceed one hundred dollars (\$100.00)."

15 Sec. 2. This act becomes effective July 1, 1995.