**Addition to Exempt Transactions under Minn. Stat. 80A.45 § 202**

*Intrastate Exception*: Offer or sale of a single issue if the issuer meets the qualifications and obligations under this subsection:

1. *Qualifications*:
   1. The crowdfunding exemption is available to a corporation or centrally managed limited liability company or limited partnership or public benefit corporation that is a resident and doing business within Minnesota at the time of any offer or sale of securities.
   2. No offer or sale of a different class or series of security has been made by the issuer in reliance on this exemption during the immediately preceding twelve month period.
   3. No commission or other remuneration is paid or given for soliciting any person in this state, except to broker-dealers registered under this chapter and agents licensed in this state;
   4. The issuer reasonably believes that all the purchasers are purchasing for investment;
   5. The sale or offer of sale is made exclusively through a funding portal or internet funding site which has provided notice to the administrator under paragraph (11).
   6. The transaction meets the requirements of the federal exemption for intrastate offerings in section 3 (a) (11) of the Securities Act of 1933 ([15 USC 77c](https://docs.legis.wisconsin.gov/document/usc/15%20USC%2077c) (a) (11)) and Rule 147 adopted under the Securities Act of 1933 ([17 CFR 230.147](https://docs.legis.wisconsin.gov/document/cfr/17%20CFR%20230.147)); including, but not limited to, the requirements for determining whether an offeree or purchaser is a resident of this state.
   7. The issuer is not, either before or as a result of the offering, an investment company, as defined in section 3 of the Investment Company Act of 1940 ([15 USC 80a-3](https://docs.legis.wisconsin.gov/document/usc/15%20USC%2080a-3)), or an entity that would be an investment company but for the exclusions provided in section 3 (c) of the Investment Company Act of 1940 ([15 USC 80a-3](https://docs.legis.wisconsin.gov/document/usc/15%20USC%2080a-3) (c)), or subject to the reporting requirements of section 13 or 15 (d) of the Securities Exchange Act of 1934 ([15 USC 78m](https://docs.legis.wisconsin.gov/document/usc/15%20USC%2078m) or [78o](https://docs.legis.wisconsin.gov/document/usc/15%20USC%2078o) (d)).
2. *Aggregate Sales Limit*: The sum of all cash and other consideration to be received for all sales of the security in reliance on the exemption under this subsection during any twelve month period, is not to exceed the following amount:
   1. $1,000,000, if the issuer has not made available to each prospective investor a financial audit of its most recently completed fiscal year which complies with generally accepted accounting principles.
   2. $2,000,000, if the issuer has made available to each prospective investor a financial audit of its most recently completed fiscal year which complies with generally accepted accounting principles.
3. *Individual investment limitation*: The issuer may not accept more than $10,000 from a single purchaser unless the purchaser qualifies under 202(13). No single purchaser may purchase more than $10,000 in securities from one or more issuers under this exemption in a twelve month period unless the purchaser qualifies under 202(13).
4. *Escrow requirement*: The issuer shall enter in to an escrow agreement with a bank, regulated trust company or corporate fiduciary, savings bank, savings and loan association, or credit union authorized to do business in Minnesota. The escrow agreement shall provide that the offering proceeds may 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 prospectus. Any investor may cancel their commitments to invest if that target offering amount is not raised by the time stated in the disclosure document.
5. *Disclosure to administrator*: Not less than 10 days prior to the commencement of an offering of securities in reliance on the exemption under this subsection, the issuer shall provide to the administrator the filing fee specified in 80A.65 § 410, together with a notice, in writing or in electronic form, containing the following:
   1. A notice of claim of exemption from registration, specifying that the issuer will be conducting an offering in reliance on the exemption under this subsection; and
   2. A copy of the disclosure statement to be provided to prospective investors in connection with the offering as described in paragraph (6).
6. *Disclosure to Investors*: The issuer shall provide a disclosure document to each prospective investor at the time the offer of securities is made to the prospective investor, containing the following:
   1. A description of the company, its type of entity, the address and telephone number of its principal office, its formation history, its business plan, its capital structure and its intended use of the offering proceeds, including any amounts to be paid, as compensation or otherwise, to any owner, executive officer, director, governor, manager, member or other person occupying a similar status or performing similar functions on behalf of the issuer.
   2. A copy of the escrow agreement required under paragraph 1(B) of this subsection.
   3. The identity of all persons owning more than 10% of the ownership interests of any class of securities of the company.
   4. The identity of the executive officers, directors, governors, manager, members, and other persons occupying a similar status or performing similar functions in the name of and on behalf of the issuer, including their titles and their prior experience.
   5. The terms and conditions of the securities being offered and of any outstanding securities of the issuer; the minimum and maximum amount of securities being offered, if any; the current capital structure of the issuer; either the percentage ownership of the issuer represented by the offered securities or the valuation of the issuer implied by the price of the offered securities; the price per share, unit, or interest of the securities being offered; any restrictions on transfer of the securities being offered; and a disclosure of any anticipated future issuance of securities that might dilute the value of securities being offered.
   6. The identity of and consideration payable to any person who has been or will be retained by the issuer to assist the issuer in conducting the offering and sale of the securities, including any internet site operator, but excluding 1) persons acting solely as accountants or attorneys, and 2) employees whose primary job responsibilities involve operating the business of the issuer rather than assisting the issuer in raising capital.
   7. A description of any material litigation, legal proceedings, or pending regulatory action involving the issuer or its management.
   8. The names and addresses, including the URL, of each internet site that will be used by the issuer to offer or sell securities under this subsection.
   9. Any additional information material to the offering, including, if appropriate, a discussion of significant factors that make the offering speculative or risky.
   10. The issuer shall inform all prospective purchasers that the securities have not been registered under federal or state securities law and that the securities are subject to limitations on resale. The issuer shall display the following legend conspicuously on the cover page of the disclosure document:
       1. 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 HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR DIVISION OR OTHER REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED BY SUBSECTION (e) OF SEC RULE 147 ([17 CFR 230.147](https://docs.legis.wisconsin.gov/document/cfr/17%20CFR%20230.147) (e)) AS PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.
7. *Required certification from purchaser*: The issuer shall require each purchaser to certify in writing or electronically as follows:
   1. I UNDERSTAND AND ACKNOWLEDGE THAT:
   2. I am investing in a high-risk, speculative business venture. I may lose all of my investment, and I can afford such a loss.
   3. This offering has not been reviewed or approved by any state or federal securities commission or division or other regulatory authority and that no such person or authority has confirmed the accuracy or determined the adequacy of any disclosure made to me relating to this offering.
   4. The securities I am acquiring in this offering are illiquid, that there is no ready market for the sale of such securities, that it may be difficult or impossible for me to sell or otherwise dispose of this investment at any price, and that, accordingly, I may be required to hold this investment indefinitely.
   5. I may be subject to tax on my share of the taxable income and losses of the company, whether or not I have sold or otherwise disposed of my investment or received any dividends or other distributions from the company.
   6. By entering into this transaction with the issuer, I am affirmatively representing myself as being a Minnesota resident at the time that this contract is formed, and if this representation is subsequently shown to be false, the contract is void.
   7. .... (Signature)
   8. The issuer shall obtain from each purchaser of a security offered under this subsection evidence that the purchaser is a resident of this state and, if applicable, is an accredited investor.
8. Until no securities issued under this subsection are outstanding, the issuer shall provide a quarterly report to the issuer's investors by making such report publicly accessible, free of charge, at the issuer's internet web site address within forty-five days of the end of each fiscal quarter. The issuer shall provide a written copy of the report to any investor upon request. The report shall contain all of the following:
   1. Compensation received by each director and executive officer, 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;
   2. An analysis by management of the issuer of the business operations and financial condition of the issuer; and
   3. Financial statements for the issuer's most recent fiscal year end prepared in accordance with generally accepted accounting principles.
9. The issuer and the internet funding site operator, shall maintain records of all offers and sales of securities and shall provide ready access to the records to the administrator, upon request. The administrator may access, inspect, and review any internet funding site registered under paragraph (11) as well as its records.
10. Securities issued under the exemption provided by this section may not be transferred by the purchaser during a one-year period beginning on the date of purchase, unless the securities are transferred to 1) a resident of this state, 2) a purchaser qualifying under 202(13), or 3) the Issuer.
11. *Internet funding site requirements*:
    1. The issuer may elect to operate its own internet funding site provided that it fulfills the obligations in paragraph (B) and that it only offers information and the purchase of its own securities.
    2. The internet funding site shall provide notice to the administrator by filing a statement, which the administrator shall make available as an electronic document, accompanied by the filing fee specified in 80A.65 § 410, unless the issuer is providing its own internet funding site, in which case no fee is due. The statement shall include all of the following:
       1. That the internet funding site is either an issuer meeting the requirements of paragraph (1)(a) or is a business entity residing and doing business within Minnesota at the time of notice that is being utilized to offer and sell securities pursuant to the exemption under this subsection;
       2. The identity and location of, and contact information for, the internet funding site operator; and
       3. Except as provided in paragraph (D), that the internet funding site operator is registered as a broker-dealer under 80A.56 § 401.
    3. The internet funding site operator is not required to register as a broker-dealer under 80A.56 § 401 if the operator is the issuer or all of the following apply with respect to the internet funding site and its operator:
       1. It does not offer investment advice or recommendations.
       2. It does not solicit purchases, sales, or offers to buy the securities offered or displayed on the internet site.
       3. Except as provided in paragraph (I), it does not directly or indirectly compensate or provide remuneration to employees, agents, or other persons for the solicitation or based on the sale of securities displayed or referenced on the internet site.
       4. Except as provided in paragraph (I), it is not compensated based on the amount of securities sold, and it does not hold, manage, possess, or otherwise handle investor funds or securities.
       5. Except as provided in paragraph (I), the fee it charges an issuer for an offering of securities on the internet site is a fixed amount for each offering, a variable amount based on the length of time that the securities are offered on the internet site, or a combination of such fixed and variable amounts.
       6. It does not hold, manage, possess, or otherwise handle purchaser funds or securities.
       7. It does not identify, promote, or otherwise refer to any individual security offered on the internet site in any advertising for the internet site, except if the issuer is providing the internet funding site.
       8. It does not engage in such other activities as the commission, by rule, determines are prohibited of such an internet site.
       9. Neither the internet funding site operator, nor any director, executive officer, general partner, managing member, or other person with management authority over the internet site operator, has been subject to any conviction, order, judgment, decree, or other action specified in Rule 506(d)(1) adopted under the Securities Act of 1933 ([17 CFR 230.506(d)(1)](https://a.next.westlaw.com/Link/Document/FullText?findType=L&pubNum=1000547&cite=17CFRS230.506&originatingDoc=NBC28F6504C0711E3A037C215850BA975&refType=LQ&originationContext=document&transitionType=DocumentItem&contextData=(sc.Document))) that would disqualify an issuer under Rule 506(d) adopted under the Securities Act of 1933 ([17 CFR 230.506(d)](https://a.next.westlaw.com/Link/Document/FullText?findType=L&pubNum=1000547&cite=17CFRS230.506&originatingDoc=NBC28F6504C0711E3A037C215850BA975&refType=LQ&originationContext=document&transitionType=DocumentItem&contextData=(sc.Document))) from claiming an exemption specified in Rule 506(a) to (c) adopted under the Securities Act of 1933 ([17 CFR 230.506(a) to (c)](https://a.next.westlaw.com/Link/Document/FullText?findType=L&pubNum=1000547&cite=17CFRS230.506&originationContext=document&transitionType=DocumentItem&contextData=(sc.Document)#co_pp_8b3b0000958a4)).
    4. The internet funding site operator is not required to register as a broker-dealer under 80A.56 § 401 if the internet funding site operator is registered as a broker-dealer under the Securities Exchange Act of 1934 ([15 USC 78***o***](https://a.next.westlaw.com/Link/Document/FullText?findType=L&pubNum=1000546&cite=15USCAS78O&originatingDoc=NBC28F6504C0711E3A037C215850BA975&refType=LQ&originationContext=document&transitionType=DocumentItem&contextData=(sc.Document))) or is a funding portal registered under the Securities Act of 1933 ([15 USC 77d-1](https://a.next.westlaw.com/Link/Document/FullText?findType=L&pubNum=1000546&cite=15USCAS77D-1&originatingDoc=NBC28F6504C0711E3A037C215850BA975&refType=LQ&originationContext=document&transitionType=DocumentItem&contextData=(sc.Document))) and the Securities and Exchange Commission has adopted rules under authority of section 3(h) of the Securities Exchange Act of 1934 ([15 USC 78c(h)](https://a.next.westlaw.com/Link/Document/FullText?findType=L&pubNum=1000546&cite=15USCAS78C&originationContext=document&transitionType=DocumentItem&contextData=(sc.Document)#co_pp_f383000077b35)) and [P.L. 112-106](https://a.next.westlaw.com/Link/Document/FullText?findType=l&pubNum=1077005&cite=UUID(IEDA0DB507F-F611E182A78-02C2D8DC351)&originationContext=document&transitionType=DocumentItem&contextData=(sc.Document)), section 304, governing funding portals. Nothing in this section requires an internet funding site operator or the issuer to register as a broker-dealer under the Securities Exchange Act of 1934 or as a funding portal under the Securities Act of 1933.
    5. The internet funding site operator shall take reasonable steps to limit web site access to the offer or sale of securities to only Minnesota residents.
12. Beginning in 2019 and every fifth year thereafter, the commissioner shall cumulatively adjust the dollar limitations provided in this section upwards to reflect the change in the Consumer Price Index for all Urban Consumers published by the federal Bureau of Labor Statistics founding each dollar limitation to the nearest fifty thousand dollars ($50,000).
13. The administrator may adopt rules to implement the provisions of this section and to protect purchasers that purchase securities that are exempt from registration under this section.

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