

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 1486

Short Title: Exempt Certain Securities.

(Public)

Sponsors: Representatives Hall; Bowen, Creech, Edwards, Gardner, Green, Joye, Mitchell, Russell, Spears, Wilkins, and C. Wilson.

Referred to: Business and Labor.

May 17, 1993

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 three percent (3%) of its total investment for
13 seven of the 10 years prior to issuance;

14 e. Has no delinquent federal or state taxes at the time of issuance;

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

17 Notes authorized for exemption under this subdivision may be issued
18 for periods of up to five years, and the total debt incurred may not
19 exceed five times the net worth of the partnership, sole proprietorship,
20 or corporation. Capital raised from the sale of notes pursuant to this
21 subdivision may not be used to pay the private debts of the sole
22 proprietor, partners, or stockholders. Advertisements for notes
23 authorized by this subdivision shall clearly state that the notes being

1 offered are not guaranteed by any governmental agency. The
2 Administrator shall review any proposal for exemption under this
3 subdivision, and no securities may be exempted under this subdivision
4 without the approval of the Administrator. The Administrator may
5 adopt rules to implement the provisions of this section and may
6 establish a fee to recover the administrative cost of reviewing a
7 proposal under this subdivision, not to exceed one hundred dollars
8 (\$100.00)."

9 Sec. 2. This act becomes effective July 1, 1993.