**Blue Sky - Merit Review States**

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**1. Merit Review, Follow NASAA Guidelines**

 Arizona

 California

Very difficult to clear this state. California applies additional guidelines, stricter than NASAA, including voting rights requirements, prohibition on two classes of shares, prohibition on cheap stock; and prohibition on disproportionate equity founders to investors; requirement that company have income in the past, or projected in the next 18 months.

CA uses NASAA guidelines plus standards including “Fair, Just and Equitable at 260.14; CA prohibits the issuer from having more than one class of equity securities if the voting rights and shareholder rights differ.”

 Iowa

 Kansas

 Massachusetts

Indemnification of Issuer’s Officers and Directors is restricted or prohibited.

 Michigan

 Minnesota

Very difficult to clear this state. Standards are much more strict than NASAA. Certain types of deal will not be cleared at all. However, there is a 10 investor exemption in Minnesota, even for a public offering.

 Missouri

 Nebraska

Offering must clear 5 out of 8 specific NASAA states, then will clear Nebraska.

 North Carolina

 Offering must clear various other NASAA states

 Ohio

Unique requirements in addition to NASAA

 Oregon

 Pennsylvania

 Higher escrow required for deposits from PA investors

 South Dakota

 Tennessee

Indemnification of Officers and Directors restricted; offering must clear 6 out of 6 specific NASAA states

 Texas

 Additional requirements more strict than NASAA

 Washington

 Accredited investors only, or strict merit review

**2. Merit Review, Other than NASAA Guidelines**

 Alabama

 Maine

 New Hampshire

 Higher suitability for commodity pools

 Oklahoma

 Virginia

 Criminal background check on principals.

**3. Very Light Merit Review or Non-Merit Review for SEC-Reviewed offering;**

 **\*\*Registrations by qualification and Regulation A Offerings may be reviewed more heavily.**

 Alaska

 Arkansas

 Colorado

 Connecticut

 D.C.

 Delaware

 \*Florida

 Full Merit review for Reg A offering; and Issuer-Agent registration required.

 Georgia

 No review

 Hawaii

 No review

 \*Idaho

Heavy merit review for Reg A offerings: cheap stock; cap on promoters interest cap; commission cap; Issuer-Agent registration required.

 Illinois

 Disclosure State, but does background checks on the Issuer’s principals

 Indiana

 Kentucky

 Louisiana

 Maryland

 Mississippi

 Montana

 Nevada

 No Commissions permitted to issuer-agents

 \*New Jersey

 Merit review for Reg A offerings; financial statement analysis

 \*New Mexico

 Merit review for Reg A offering; Issuer-agent registration required

 New York

Form M-11 completion is detailed, cumbersome and time-consuming, but New York does not merit review the offering. However, NY runs background checks on the principals of the issuer.

 North Dakota

 Rhode Island

 South Carolina

 Utah

 Vermont

 West Virginia

 Wisconsin

 Special suitability only

 Wyoming