**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