



California Corporate & Securities Law

Bill Proposes To Allow General Solicitations In California

By Keith Paul Bishop on February 27, 2012

Previously, I [reported](#) on a highly punitive bill, SB 978 (Curren) that would make the limited offering exemption under Section 25102(f) contingent upon the timely filing of a notice of exemption with the Commissioner of Corporations. Today, I'm happy to report on a more positive legislative proposal.

Last Friday, Assembly member [Michael Allen](#) introduced [AB 2081](#) to add an additional exemption to the qualification requirement for issuer transactions (Section 25110). This bill would exempt any offer or sale of a security by an issuer using any form of general solicitation or general advertising as specified in Rule 502(c) of Regulation D, except unsolicited telephone calls to a person's residence or cellular telephone, unless the issuer and the caller reasonably believe, after reasonable inquiry, that the person is an accredited investor, as defined in Rule 501 of Regulation D, provided numerous conditions are met. These conditions include the requirement that sales only be made to a person who is, or who the issuer reasonably believes, after reasonable inquiry, to be an accredited investor immediately prior to the sale. The bill also imposes a suitability condition. This type of requirement will be familiar to broker-dealers because they are subject to Rule 260.218.2. It is also an investor protection idea that I included in my unsuccessful attempt as Commissioner to reform the fair, just and equitable standard. See Therese Maynard, *Commentary: The Future of California's Blue Sky Law*, 30 Loy. L. Rev. 1573 (1997). I'm not listing the other conditions, so please review the bill.

Reminder – Links to bills on this site are typically to the version of the bill at the time of posting. If you are reading this post after the initial posting date, the bill may have been amended. Please check the Legislative Counsel's [Website](#) for the current status and text of bills.

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