

Minnesota Enacts MNvest Law that Has Potential to Turn Everyday Minnesotans into Investors.

In June, Governor Mark Dayton signed a \$42 billion state budget that included state legislation and money to implement the new MNvest program. The new state law called "MNvest", makes it legal for entrepreneurs and small businesses to raise money through equity crowdfunding on the Internet. Minnesota is now the 25th state to enact such legislation.

- MNvest allows Minnesota businesses to legally advertise investment opportunities online to state residents in a system that would use registered Internet funding "portals." It will allow growing Minnesota companies to use the Internet to connect with Minnesotans that want to be investors, and will also allow Minnesotans to use the Internet to seek out investment opportunities with growing companies.
- Equity crowdfunding was expected to be legal nationwide, enabled by the 2012 JOBS Act. However, federal regulators slowed the process over worries that crowdfunding would be used to steal money from investors. Similar worry was voiced in Minnesota by Minnesota Commerce Commissioner, who raised concerns about fraud protections for investors and data security issues. Currently the Minnesota law caps investment for non-accredited investors to \$10,000.00. Accredited investors, however, are not subject to a cap.
- Anyone who would like to invest or open a portal for accepting crowdfunded investments must wait for the state's Commerce Department to write the regulations. On July 1, 2015, the Commerce Department began to write the rules for how the program will be implemented, and it is unclear when that process will be complete.²

²Source: http://www.twincities.com/business/ci_28347483/state-enacts-mnvest-connect-small-business-small-investors