WEST VIRGINIA CODE: §32-5-504

§32-5-504. Qualifications of offers, sales and transactions.

(a) The transaction must meet the requirements of the federal exemption for intrastate offerings in section 3(a)(11) of the Securities Act of 1933, 15 U.S.C. section 77c(a)(11) and SEC rule 147, 17 CFR 230.147.

(b) The sum of all cash and other consideration received from the issue of securities under this exemption may not exceed \$1 million per annum unless the issuer prepares and produces audited financial statements on a quarterly basis to the commissioner. If audited financial statements are prepared and produced to the commissioner, the sum of all cash and other consideration received from the issue of securities shall not exceed \$2 million per annum.

(c) The issuer may not issue more than \$10,000 per annum to any single purchaser unless the purchaser is an accredited investor as defined under rule 501 of SEC Reg D, 17 CFR 230.501.

(d) All funds received by the issuer from purchasers under this article shall be held in escrow by an attorney licensed to practice law in West Virginia who shall deposit the funds in a depository institution authorized to do business in West Virginia until such time as the offering amount sought is attained or the time period for the offering has elapsed: Provided, That upon the escrowed funds attaining a balance of at least ten percent of the offering amount sought, the attorney holding the money in escrow shall, upon written request of the issuer, withdraw a portion of the money in escrow and deliver such portion of money to the issuer.

(e) All funds received by the issuer from purchasers under this article shall be used by the issuer in accordance with the representations by the issuer to purchasers.

(f) The duration of the offering will not exceed twelve months unless the issuer applies to extend the offering for a period not to exceed twelve additional months. An issuer may apply to extend the offering by submitting an amended filing with the commissioner in conformance with these provisions and the rules and orders of the commissioner.