

CROWD- INVESTING IN OREGON

An Overview

Over forty statewide and regional partners have formed a plan to help Oregonians take advantage of a new law that allows Oregon residents to invest in Oregon businesses—for the first time in Oregon's history!

Start-ups, social enterprises, and inventors play a critical role in Oregon's economy—fostering innovation, creating companies, addressing community challenges—while feeding our job pipeline. Yet, they have been falling into a deep capital gap, which is even wider for people of color, women, and rural communities.

Oregon's local investing law (the OIO) creates a cost-effective, accessible pathway for Oregon entrepreneurs *to raise capital directly from Oregon residents like you and me.*

THE FACTS

- Small business (under 50 employees) represents 95.7 % of all employers in Oregon.
- In 2011, small business created 10,454 net new jobs in Oregon.
- In 2012, 88% of Oregon's exporters were small businesses.

Oregon's New Intrastate Exemption

- ✓ Enables real securities crowdfunding (unlike donation-based crowdfunding such as Kickstarter).
- ✓ Allows all types of deals including debt, convertible notes, revenue sharing and equity.
- ✓ Allows public advertising to Oregon residents.
- ✓ Entrepreneurs file their prospectuses with the Division of Finance and Corporate Securities.

Entrepreneurs:

- ✓ Must be used for business in Oregon.
- ✓ Can raise up to \$250,000.00.
- ✓ Define the terms of the offering.
- ✓ Must meet in person with local Business Technical Service Provider.
- ✓ Allowed 12-months to raise the funds; can extend another 12.

Investors:

- ✓ Must currently live in Oregon.
- ✓ Can invest up to \$2,500 per business, per person.

A Billion Dollars in Untapped Capital!

What if Oregonians invested just 1% of their savings into Oregon-grown businesses? Based on national savings data, an estimated \$915 million would be available to Oregon's economy.

Frequently Asked Questions

How and where do I invest?

Go to hatchoregon.com, click on the big, green button, and check out the companies' offerings. You'll have to register before investing.

How is this different from Kickstarter?

Ever noticed how the rewards on Kickstarter are things like t-shirts, electronics, and thank you notes? That is because these sites are engaging in *donation-based* crowdfunding. Offering monetary returns would be illegal, as that would then be a 'security'. A security can be equity (an ownership position in a company, e.g. shares) or credit (e.g. a loan). With these new rules, 'backers' can provide real capital to local businesses, and are able to receive financial returns.

How does it support Oregon's economy?

1. Citizens get to participate in their economic engines as real fuel to strengthen their local economy.
2. Entrepreneurs have increased access to new compatible capital.
3. Under-resourced and underrepresented groups and communities can invest in themselves!
4. Communities keep money in town, recirculating capital and growing our own state's economy.

Why should entrepreneurs care?

1. It's a *public* offering, so it elevates your visibility to potential investors.
2. Everyone who lives Oregon is now a potential investor. (The 99% just got added to the 1%)
3. The entrepreneur defines the terms. No bank or private investor tells you what the deal is, YOU decide.
4. You maintain control of your company. Even in equity deals, small percentages are offered to the community, or non-voting stock.
5. Your customers and clients can become investors – and fans.

I want to raise funds for my business. What's my next step?

Sign up for our 'Intro to the CPO' webinar at hatchoregon.com/into-to-the-cpo to decide if it's a good fit, and review your business plan with someone at your nearest Small Business Development Center.

Who was behind this exemption?

Hatch Innovation 501(c)(3) drafted the law, and helped move it forward across the state, visiting 25 cities and speaking over 100 times. They launched Hatch Oregon to help gather support for this new tool for capital.

How is it working? Who's used it? How many have invested?

It is still very new, and most people in Oregon have not heard about it. But, it's created almost 500 new local investors who are interested in more companies, and it has helped entrepreneurs raise money from across the state, from Joseph to Klamath Falls. Manufacturing, food, tech, retail, beer, spirits, and more have used it to raise money. People who invest once tend to invest again. The average investment is \$1,000 per person.

Over thirty states have enacted similar intrastate crowdfunding laws that enable local capital to be invested into locally grown businesses, by ordinary citizens. If you are interested in this national movement, check out comcap.us.



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