

## Michigan Investment Markets Bill Would Permit Local Stock Exchanges



Robert J. Hahn

signed into law by Governor Snyder, which permits investment crowdfunding for small businesses.

The Bill is currently pending before the Senate. Given the strong support for the previously enacted crowdfunding legislation and the strong vote in favor of the Bill in the House of Representatives, it is expected to pass when brought to a vote later this year.

### A Liquid Market for Crowdfunding Investments

The purpose of the MIM Bill is to legalize and facilitate the transfer of crowdfunding investments. The exchanges created under the proposed law will allow companies, after raising capital through crowdfunding, to apply for listing so shareholders could trade their shares.

The Bill defines "Michigan Investment Market" as a broker dealer, exempt from registration under federal securities laws, which provides a market or exchange, and includes an online market or exchange operated through a web portal. These markets will conduct the purchase and sale of crowdfunded securities issued under the intrastate offering exemption created by the MILE Act. Connecting buyers and sellers of inter-

ests in crowdfunded businesses will create liquidity of shares, enlarge the market for companies seeking money through the crowdfunding mechanism, and increase the value of these interests to investors.

A Michigan Investment Market will only serve businesses that are resident and doing business in the State of Michigan at the time the business conducts any offers, sales, or resales of its intrastate securities. The Bill would require the Market to be solvent, not subject to a disciplinary court order or injunction, and not a defendant in a pending court proceeding. It would also require the Market to keep records of transactions that would be subject to examination by regulators, and provide sanctions and penalties for violations of the law or fraudulent conduct or transactions.

### Challenges

The MILE Act and the Michigan Investment Markets legislation present new and untested opportunities for Michigan entrepreneurs and business owners. Although the crowdfunding movement is spreading across the country, it is still in its infancy and complex issues need to be resolved in order for it to succeed. One critical question is the relationship between the State law, the Michigan Invests Locally Exemption, and the crowdfunding provision of the Federal JOBS Act recently signed by President Obama, which appear to be in conflict. Anecdotal evidence suggests that this conflict has created confusion in the business community and has slowed implementation and use of the MILE Act.

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## Michigan Investment Markets Bill (cont.)

In addition, it will be necessary to construct the infrastructure to permit issuers and investors of crowdfund interest's access to reliable information and transaction hubs for the sales of interest by investors. It will be important to create confidence in valuation of the interest, permit proper price discovery, and ensure accurate settlement of transactions. In other words, the infrastructure of the markets must be developed in order to draw investors and foster the growth of small business as intended by the MILE Act and the Michigan Investment Markets legislation. It can be anticipated that as the regulatory environment takes shape, standardized business practices will emerge. With time and use, greater certainty will emerge that will permit these new opportunities

to fulfill their promise.

In future articles we will look at developments in crowdfunding and the establishment of liquid markets in crowdfunded securities. We will also discuss the use of crowdfunding by municipalities to develop local business and improve communities.

*Robert J. Hahn*

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## CMDA Happenings

### Attorney Receives Favorable Published Opinion



*Karen M. Daley*

**Karen Daley**, head of the Firm's appellate division, successfully defended on appeal a local police department in a case involving a fatal police shooting. The case arose out of a standoff with a suspect who barricaded himself in a room after U.S. Marshals attempted to arrest him on a warrant for felony possession of cocaine. The suspect had multiple weapons that he had pointed

at law enforcement officers, he had made multiple threats to kill law enforcement officers, he repeatedly threatened to "come out shooting," and he refused to surrender. After ten hours of negotiations, cameras revealed that the suspect appeared to be asleep, so the SWAT team entered the room. The officers were armed with automatic weapons and a "flash bang" distraction device was deployed. However, upon entry, the suspect fired at an officer. The officer returned fire, killing the suspect.

The Sixth Circuit Court of Appeals held, in a published opinion, that the officers are entitled to qualified immunity because they did not violate the suspect's constitutional rights. Specifically, the Court determined that the use of the flash bang was reasonable, the use of automatic weapons was reasonable, and the officer's use of deadly force did not violate the Fourth Amendment. Despite the fact that the suspect was shot twenty times, the Sixth Circuit held that once the suspect delivered on his threat and fired at the officers, it was reasonable for the officer to fire back and could keep firing until the threat was over.

Ms. Daley can be reached at (734) 261-2400 or kdaley@cmda-law.com. For updates on additional police cases, follow @policedefenders on Twitter.

### CMDA Supports Worthy Organizations

Our Firm was a proud supporter of the John Bieniewicz Foundation and the Michigan Concerns of Police Survivors Foundation at the **Play it Forward for Bieniewicz** event on August 30, 2014. The Plymouth Whalers took on the Windsor Spitfire at Compuware Arena for a fundraiser hockey game to celebrate the lives of John Bieniewicz and Officer Larry Nehasil.

John Bieniewicz, a married father of two sons ages 9 and 13, was refereeing an adult-league soccer match in Livonia when a 36-year-old player punched him in the head, knocking him unconscious. He passed away on July 1, 2014.

Larry Nehasil had served with the Livonia Police Department for 20 years when he was shot and killed in the line of duty on January 17, 2011.

Our Firm is honored to support two worthy organizations.

### Attorneys Present to Police Department

Livonia attorneys **Jim Acho**, **Karen Daley**, **Kali Lester** and **Sara Lowry** recently gave a presentation to a local police department's command staff on litigation avoidance and also provided an update on qualified immunity.

If your police department or municipality is interested in a similar complementary presentation, please contact Mr. Acho at (734) 261-2400 or jacho@cmda-law.com.

## Signs of Identity Theft and How to Dispute Errors on Your Credit Report



Linda Davis Friedland

Identity theft is occurring more often, due in part to the recent data breaches with merchants, hospitals, and various websites. Identity theft also results from so-called “phishing scams,” in which the victim is tricked into revealing personal information. Even if you do business only with trusted companies, and you keep your personal information to yourself, you should still be aware of

the following signs of identity theft:

- You see withdrawals from your bank account that you cannot explain.
- You suddenly stop receiving your bills or other mail.
- Merchants refuse your checks.
- Debt collectors call you about debts that are not yours.
- You identify unfamiliar accounts or charges on your credit report.
- Medical providers bill you for services you did not use.
- Your health plan rejects your legitimate medical claim because their records indicate that you have reached your benefits limit.
- A health plan will not cover you because your medical records show a condition that you do not have.
- The Internal Revenue Service notifies you that more than one tax return has been filed in your name, or that you had income from an employer for whom you do not work.
- You receive a notice that your information has been compromised by a data breach at a company where you do business or have an account.\*

\* Source: Federal Trade Commission

The best way to beat identity theft is to catch it early, and the best way to accomplish this is by reviewing your credit report as often as you can. Each year you are entitled to receive a free credit report from each of the three credit reporting agencies (Equifax, Experian, and TransUnion). By contacting only one agency at a time, you may spread this out by receiving one credit report every four months. The only website sanctioned by the Federal Trade Commission (FTC) is [www.annualcreditreport.com](http://www.annualcreditreport.com).



A link to each one of the three credit reporting agencies can be found on the FTC website. Other websites that advertise free credit reports will give you your first credit report for free, but will then start billing your credit card for any additional credit reports ordered.

Occasionally, you may have a genuine dispute with a furnisher of credit report information, such as a merchant. Perhaps you returned an item of clothing; the merchant failed to provide you with the proper credit, and has now inadvertently reported it on your credit report. This is where the Consumer Financial Protection Bureau (CFPB) may be helpful. To correct errors on your credit report, take the following steps:

**Step 1:** Submit a dispute to both the credit reporting agency and to the source of the incorrect information (the merchant or furnisher).

**Step 2:** Visit the CFPB website at [www.consumerfinance.gov](http://www.consumerfinance.gov), click “Submit a Complaint,” and then click “Get Started.” With this complaint, you may attach documents, such as statements, contracts, receipts, and letters to help the CFPB better understand your issue. Once you have begun the complaint process, be sure to indicate that you have already submitted a dispute with the credit reporting agency and/or merchant, if you have in fact done so. This will prevent the CFPB from mistakenly believing that you have two complaints instead of one.

Once completed and submitted, your complaint will be forwarded to the three credit reporting agencies that will be required to furnish your complaint, along with any other information you have provided, to the merchant or furnisher of information.

The federal government recognizes the severity of the identity theft problem, however identity thieves are becoming more sophisticated, requiring all of us to be vigilant in protecting our identities and credit.

Linda Davis Friedland

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