

SENATOR LANDIS: Uh-huh.

SENATOR BEUTLER: ...and they have to go back and register and give extended disclosures, if at that point the consumer who has made the purchase says, oh, I didn't know about that, does then the consumer have the right to get his money back,...

SENATOR LANDIS: Yes.

SENATOR BEUTLER: ...if, in the event, there's somebody around to get your money back from?

SENATOR LANDIS: Yes.

SENATOR BEUTLER: Okay.

SENATOR LANDIS: I will check on that but that's my answer to you, and that is because they would have purchased a security that had not met the legal norm for its sale, in the hypothetical you have given to me. And I don't think you're going to have consideration on a contract of sale in that situation. That should be an irrevocable agreement. I think, as a condition precedent to that contract, you would have to have a legal security being sold back and forth and I think there would be a failure of consideration there.

SENATOR BEUTLER: Okay, then just one last question. And I think probably you've explained it to me, but, on page 8, it does require prefiling there. Right? Line 10...9 and 10.

SENATOR LANDIS: Yes. A notice generally describing the terms of the transaction and containing a representation of the conditions of this exemption are met is filed by the seller with the director notified within 20 days prior to any sales for which this exemption is claimed.

SENATOR BEUTLER: Okay, why isn't the paperwork argument the winning argument there?

SENATOR LANDIS: In fact, I can't tell you but I will find out.

SENATOR BEUTLER: Okay. And just generally explaining the intrastate exemption, I...is this being constructed in such a manner that essentially the department is going to construct