**Section 913.80 Escrow Requirements**

If application is made to the Director for a Permit authorizing the applicant to sell to the public shares of stock of an issue subject to this Part, and it shall appear to the Director that shares of stock of the issuer have, within the five (5) years next preceding the date of the application for such Permit, been issued or sold by the issuer or a controlling person for a consideration at a price less than the proposed public offering price, then the Director may for the protection of the prospective purchasers of the shares proposed to be offered, require that the shares issued for such consideration and help by officers and directors and holders of 10% of outstanding stock be delivered to a bank or trust company in this State authorized to accept and execute trusts, under an escrow agreement providing that the owners of the shares so escrowed shall not, in case of dissolution or insolvency of the issuer, participate in its assets until after the owners of all the shares of the issuer (other than those escrowed) shall have received an amount per share equal to the public offering price of the proposed offering. Such escrow agreement shall remain in force until the first to occur of the following:

a) Written consent is given by the Director authorizing the release of such escrowed shares;

b) Financial statements of the issuer prepared in accordance with generally accepted accounting principles which have been audited by an independent certified public accountant in accordance with generally accepted auditing standards have been submitted to the Director establishing that the issuer has earned an amount equal to an average of 5% per annum in any 24 month period or at least 10% per annum in any 12 month period of a sum equal to the number of shares then outstanding, multiplied by the public offering price at time of the imposition of the escrow, adjusted for any intervening stock splits, dividends or combination; or

c) The question of the release of such escrow is first put to the shareholders of the issuer and receives the affirmative vote of the holders of not less than the majority of the outstanding shares held by others than parties to the escrow.

(Source: Amended at 7 Ill. Reg. 6946, effective May 18, 1983)