STATEMENT OF POLICY REGARDING PROMOTERS’ EQUITY INVESTMENT
Amended April 27, 1997 and March 31, 2008

I.  INTRODUCTION

This statement of policy applies to all applications to register by coordination or by qualification.

II. DEFINITIONS

This statement of policy uses the following terms defined in the NASAA Statement of Policy Regarding Corporate Securities Definitions:

Administrator
Promoter
Promoters’ Equity Investment
Promotional Or Development Stage Company

III. DENIAL OF SECURITIES REGISTRATION

The Administrator may deny registration for a public offering by a Promotional Or Development Stage Company if the Promoters’ Equity Investment is less than:

A. Ten percent (10%) of the first $1,000,000 of the aggregate public offering, and

B. Seven percent (7%) of the next $500,000 of the aggregate public offering, and

C. Five percent (5%) of the next $500,000 of the aggregate public offering, and

D. Two and one-half percent (2½%) of the balance over $2,000,000. The Promoter may include items to meet this requirement if the Administrator has accepted their value.