

**RESOLUTION OF THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION,
INC., DECLARING BLANK CHECK BLIND POOL OFFERINGS TO BE FRAUDULENT
PRACTICES**

Adopted by the membership of the North American Securities Administrators Association, Inc., at its Spring Meeting in Washington, D.C., April 29, 1989

WHEREAS, the North American Securities Administrators Association, Inc., through its Corporation Finance Section and Disclosure Standards Committee, has considered whether to adopt a statement of policy on registration of equity securities offerings in which the issuer has no stated plan of operations at the conclusion of the securities offering, commonly called “blank check blind pool offerings;” and

WHEREAS, blank check blind pool offerings are inherently defective because of failure to disclose material facts concerning the offering and issuer, and such offerings have been the subject of pervasive, recurrent abusive and fraudulent practices in the sale of securities, including but not limited to manipulation of the price of such securities, sales of securities at prices not reasonably related to the fair market value of such securities, and fraudulent representations concerning the business plans and purposes of the issuers; and

WHEREAS, the Association finds that sales of blank check blind pool securities contain inadequate disclosure of facts about the issuer and the offering, tend to work a fraud upon the purchasers thereof and cannot be justified for any useful economic purpose;

NOW THEREFORE, BE IT RESOLVED, that the Association declares that sales of blank check blind pool securities *per se* constitute fraudulent business practices and failures to disclose material facts concerning the offerings, and therefore such offerings should not be registered for sale under state securities laws.