

Statement of Policy Regarding Promoter's Equity Investment

Adopted April 27, 1997

- I. INTRODUCTION.** The North American Securities Administrators Association, Inc. ("NASAA") has determined that the following guidelines relating to PROMOTERS' EQUITY INVESTMENT in PROMOTIONAL OR DEVELOPMENT STAGE COMPANIES is consistent with public investor protection and is in the public interest. Nothing shall prevent the Securities Administrator ("Administrator") from applying different standards than those contained in this Statement of Policy.
- II. DEFINITIONS.** The terms used in this Statement of Policy are defined pursuant to the NASAA Statement of Policy Regarding Corporate Securities Definitions.
- III.** A public securities offering by a PROMOTIONAL OR DEVELOPMENT STAGE COMPANY may be disallowed by the Administrator 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 (2 ½ %) of the balance over \$2,000,000, which may include items submitted by the PROMOTER to meet this requirement whose value has been accepted by the Administrator.