

## REMOVING STOCK LEGENDS

If you own restricted securities (stock) and want to sell or have the restrictive legend permanently removed, you may need to make special efforts to show that the shares are exempt from registration. When certain conditions are met, Rule 144 allows the public resale of restricted securities and Rule 144K allows the permanent removal of the restriction. An opinion letter of counsel is required by the issuer's transfer agent before Legends are removed under Rule 144 or 144K.

Below are responses to the most typical questions we receive

Q: When can restricted shares be sold?

A: After a one-year holding period, Rule 144 permits the public resale of restricted securities if a number of conditions are met, including how long the securities are held, the way in which they are sold, and the amount that can be sold.

Q: When can the restrictive legend be permanently removed?

A: After a two-year holding period, many of the conditions of 144 are relieved by Rule 144K and the restrictive legend may be permanently removed.

Q: Who removes the Legend?

A: The companies stock transfer agent physically performs this service - but will only do so after obtaining permission of the corporation, the opinion letter of counsel and a 144 letter.

Q: Now that the Legend has been removed, how do I sell my stock?

A: Under Rule 144, shares must be sold in the public marketplace, either through a brokerage transaction or directly through a market maker. Under Rule 144K (2-year holding period), the services of a brokerage or market maker is not required.

Q: After one-year holding period, how soon can I trade my shares with my broker?

A: This varies with every brokerage firm. Some allow a trade to be entered immediately upon receipt of opinion letter of counsel but will hold proceeds until the 144/144K process is complete. Others will want the process completed before a trade is allowed. Ask your broker what their policy is.

Q: How long does this entire process take?

A: If coordinated properly, the process normally takes 1-2 weeks. The Shareholder completes the required forms supplied by their brokerage firm and have an Opinion Letter for the broker, transfer agent and issuer. In the absence of a broker, (under Rule 144K) we will supply the shareholder the appropriate 144K form letter.

Q: I have held my shares for more than 2 years, do I have to file Form 144?

A: This depends on the status of the shareholder. Non-affiliates will need opinion letter of counsel and a 144K form letter, supplied by the broker. Certain conditions apply to shares held by affiliates and control persons, regardless of how long they have owned the shares, including filing Form 144, opinion letter of counsel required by transfer agent as well as additional conditions under the rule.