

MEMO# 1675

January 23, 1990

VERMONT OVERSALES POLICY

January 23, 1990 TO: UNIT INVESTMENT TRUST MEMBERS NO. 5-90 RE: VERMONT OVERSALES POLICY _____ The Securities Division (Division) of the Vermont Department of Banking and Insurance recently issued the attached no-action policy with respect to oversales by a unit investment trust. The Division has taken the position that oversales constitute a violation of Section 4205 of the Vermont Securities Act and required that a rescission offer be made to investors in the event of an oversale. However, the Division will not institute an enforcement action against a unit investment trust in the event of an oversale if within 45 days of notification of the oversale to the Division, the following offer of informal settlement is made by the sponsor of the trust to the Division: 1. payment of the costs of the investigation, which shall be equal to the registration fee that would otherwise have been due if the oversale had been registered, plus \$150.00, 2. an acknowledgement that payment of the costs of the investigation does not constitute retroactive registration of the oversold securities, and 3. a statement from counsel that the sponsor had been advised by legal counsel of the oversale and that the sponsor will continue to make every effort to register sufficient amounts of securities in the future. The foregoing procedure is available only if the oversales are inadvertant, isolated in nature and not otherwise violative of the Vermont Securities Act. We will keep you informed of further developments. Patricia Louie Assistant General Counsel Attachment

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