

### **18 NCAC 06A .1207      DISQUALIFICATIONS FROM RELIANCE UPON CERTAIN EXEMPTIONS**

(a) No exemption under G.S. 78A-17(17) or any rule promulgated thereunder, G.S. 78A-16(9), or any other exemption made by rule subject to the disqualifications of this Rule .1207 shall be available for the securities of any issuer if the issuer, any of its directors, executive officers, general partners or beneficial owners of ten percent or more of any class of its equity securities, any of its promoters currently connected with it in any capacity, any affiliates, or any person (other than a dealer or salesman currently registered under G.S. 78A-36) who has been or will be paid any commission, discount, finder's fee or similar remuneration or compensation directly or indirectly, for soliciting any prospective purchaser of any security of the issuer offered or sold to residents of this State:

- (1) Has filed a registration statement which is the subject of a currently effective stop order entered pursuant to any state's law within five years prior to the filing of the statement required by Rule .1208 of this Section;
- (2) Has been convicted within five years prior to the filing of the statement required by Rule .1208 of this Section of any felony or misdemeanor in connection with the offer, purchase or sale of any security or in connection with the making of any false filing with the United States Securities and Exchange Commission or any state securities administrator, or of any felony involving fraud or deceit, including but not limited to, forgery, embezzlement, obtaining money under false pretenses, larceny or conspiracy to defraud;
- (3) Is currently subject to any state administrative enforcement order or judgment entered by that state's securities administrator within five years prior to the filing of the statement required by Rule .1208 of this Section or is subject to any state's administrative enforcement order or judgment in which fraud or deceit, including but not limited to making untrue statements of material facts and omitting to state material facts, was found and the order or judgment was entered within five years prior to the filing of the statement required by Rule .1208 of this Section;
- (4) Is currently subject to any state administrative enforcement order or judgment which prohibits, denies or revokes the use of any exemption from registration in connection with the offer, purchase or sale of securities entered within five years prior to the filing of the statement required by Rule .1208 of this Section;
- (5) Is currently subject to any order, judgement, or decree of any court of competent jurisdiction temporarily or preliminarily restraining or enjoining, or is subject to any order, judgment or decree of any court of competent jurisdiction, entered within five years prior to the filing of the statement required by Rule .1208 of this Section, permanently restraining or enjoining such person from engaging in or continuing any conduct or practice in connection with the offer, purchase or sale of any security or in connection with the making of any false filing with the United States Securities and Exchange Commission or any state securities administrator; or
- (6) Is currently subject to a United States Postal Service false representation order entered within five years prior to the filing of the statement required by Rule .1208 of this Section;
- (7) The prohibitions of Subparagraphs (1), (3) and (4) of this Rule shall not apply if the person subject to the disqualifying order is duly registered or licensed to conduct securities related business in the state in which the administrative order or judgment was entered against such person;
- (8) Any disqualification caused by this Rule .1207 is automatically waived if the state which created the basis for disqualification determines upon a showing of good cause that it is not necessary under the circumstances that this exemption or a comparable exemption be denied with regard to the present offering.

(b) For purposes of this Rule .1207 only, the term issuer shall include the corporate general partner(s) or joint venturers or proposed corporate general partner(s) or joint venturers of any partnership or joint venture or proposed partnership or joint venture.

*History Note: Authority G.S. 78A-17(17); 78A-49(a);  
Temporary Rule Eff. October 1, 1983, for a Period of 120 Days to Expire on January 29, 1984;  
Eff. January 1, 1984;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 6, 2016.*