

SUPPORTING STATEMENT FOR REGULATION A FORMS 1-A AND 2-A

This submission pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. Section 3501 et seq., consists of this supporting statement and the following exhibits:

- A. – Statutory Authority
- B. – Forms 1-A and 2-A

A. Justification

1. Necessity of Information Collection

The Securities Act of 1933 (“Securities Act”) requires that, before securities can be offered to the public for sale, issuers must file a registration statement disclosing prescribed categories of information. No securities can be sold to the public until the registration statement becomes effective. In addition, potential investors must be given a prospectus containing the most significant information in the registration. However, Congress recognized that there are certain situations where there is no practical need for registration or where the public benefits are too remote. Accordingly, a number of exemptions from the registration requirements are contained in the Securities Act. The exemptions that small businesses most typically rely on are those provided by Sections 3(b) and 4(2).

The Commission is authorized under Section 3(b) of the Securities Act to exempt securities from registration if it finds that the registration for these securities is unnecessary in the public interest because of the small amount involved or the limited character of the public offering. However, no issue of securities shall be exempted under this subsection where the aggregate amount at which such issue is offered to the public exceeds \$5,000,000. In addition, under Section 4(2), transactions not involving any public offering are exempted.

2. Purposes of, and Consequences of Not Requiring, the Information Collection

The information collected is intended to ensure the adequacy of information available to investors about the company. The Commission uses very little of the collected information itself, except on an occasional basis in the enforcement of the securities laws.

3. Role of Improved Information Technology and Obstacles to Reducing Burden

Regulation A filings are not required at this time to be filed using Electronic Data Gathering, Analysis and Retrieval System (EDGAR).

4. Efforts to Identify Duplication

The Commission makes every effort to coordinate with other regulatory entities when necessary or appropriate in the public's interest and for the protection of investors and to streamline regulations to enhance the production of capital.

5. Effect on Small Entities

Regulation A provides exemptions from the Securities Act registration requirements for small offerings.

6. Consequences of Less Frequent Collection

The information required by Regulation A and its offering statements are used by public investors and serve the purpose of protecting our financial markets from fraud, which instills investor confidence.

7. Inconsistencies with Guidelines in 5 CFR 1320.6

Not applicable.

8. Consultations Outside the Agency

Before being adopted, Regulation A and its offering statements were proposed for public comment. No comments were received during the 60-day comment period prior to OMB's current review.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

Regulation A and its offering statements are public documents.

11. Sensitive Questions

Not applicable.

12. Estimate of Respondent Reporting Burden

Approximately 100 issuers annually file Forms 1-A and 2-A. We estimate that Form 1-A takes 608 hours to prepare, Form 2-A takes 12 hours to prepare and Regulation A takes one administrative hour to review for a total of 621 hours per response. We estimate that 75% of the 621 hours per response (465.75 hours) is prepared by the company for a total annual burden of 46,575 hours (465.75 hours per response x 100 responses). The estimated burden hours are solely for the purpose of the Paperwork Reduction Act. They are not derived from a comprehensive or even a representative survey or study of the cost of Commission rules and forms.

13. Estimate of Total Annualized Cost Burden

We estimate that 25% of the 621 hours per response (155.25 hours) is prepared by outside counsel. We estimate that it will cost \$400 per hour (400 x 155.25 hours per response x 100 responses) for a total cost burden of 6,210,000. The estimated cost is made solely for the purposes of the Paperwork Reduction Act. The cost is not derived from a comprehensive or even a representative survey or study of the cost of Commission rules and forms.

14. Estimated Cost to the Federal Government

No information is readily available.

15. Explanation of Change in Burden

The decrease of 30,274 burden hours and the decrease of \$1,475,000 in cost burden are due to adjustments. One adjustment is based on the actual number of Forms 1-A and 2-A filings the Commission received during the 2007 fiscal year which was lower than our previous estimates. The adjustments also reflect an increase in the hourly cost burden estimate from \$300 per hour to \$400 per hour.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Explanation as to Why Expiration Date Will Not Be Denied

Not applicable.

18 Exception to Certification

Not applicable.

B. Collection of Information Employing Statistical Methods

Not applicable.