

Patient Safety Technologies, Inc
Form POS AM
May 08, 2012

As filed with the Securities and Exchange Commission on May 8, 2012

No. 333-174085

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE
AMENDMENT NO. 1
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PATIENT SAFETY TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	3842 (Primary Standard Industrial Classification Code Number)	13-3419202 (I.R.S. Employer Identification Number)
---	---	--

2 Venture Plaza, Suite 350
Irvine, California 92618
(949) 387-2277
(Address, including zip code, and telephone number, including
area code, of registrant's principal executive offices)

Brian E. Stewart
President and Chief Executive Officer
2 Venture Plaza, Suite 350
Irvine, California 92618
(949) 387-2277
(Name, address, including zip code, and telephone number, including area
code, of agent for service)

With Copies to:

Ben D. Orlanski, Esq.

Matthew S. O'Loughlin, Esq.
Manatt, Phelps & Phillips, LLP
11355 West Olympic Boulevard
Los Angeles, CA 90064
(310) 312-4000
(310) 312-4224 Facsimile

Edgar Filing: Patient Safety Technologies, Inc - Form POS AM

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This Post-Effective Amendment No. 1 amends the Registration Statement on Form S-1 (No. 333-174085) of Patient Safety Technologies, Inc., previously filed with the Securities and Exchange Commission and declared effective on August 12, 2011. This Post-Effective Amendment No. 1 is being filed to update certain information in the prospectus, including as a result of the registrant filing its Annual Report on Form 10-K for the year ended December 31, 2011.

The registration fee for the shares included in this Post-Effective Amendment No. 1 was paid in connection with their original registration, and therefore no additional registration fee is being paid in connection herewith.

The information in this prospectus is not complete and may be changed. The selling stockholders may not sell these securities under this prospectus until the registration statement of which it is a part and filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 8, 2012

PROSPECTUS

23,970,172 Shares of Common Stock

This prospectus relates to the offering by the selling stockholders of Patient Safety Technologies, Inc. of up to 23,970,172 shares of common stock, par value \$0.33 per share. All of the shares of common stock offered by this prospectus are being sold by the selling stockholders. These shares include 13,602,639 issued and outstanding shares of common stock, 8,492,533 shares of common stock issuable upon conversion of our issued and outstanding Series B Convertible Preferred Stock, or Series B Preferred Stock, and 1,875,000 shares of common stock underlying unexercised warrants to purchase common stock.

Our filing of the registration statement, of which this prospectus is a part, is intended to satisfy our obligations to the selling stockholders to register for resale these shares of common stock. The selling stockholders have advised us that they will sell the shares of common stock from time to time in the open market, on the OTC Bulletin Board, or any other stock exchange, market or trading facility on which our shares are traded, in privately negotiated transactions or a combination of these methods, at market prices prevailing at the time of sale or at prices related to the prevailing market prices or at negotiated prices.

The selling stockholders may sell the common shares to or through underwriters, brokers or dealers or directly to purchasers. Underwriters, brokers or dealers may receive discounts, commissions or concessions from the selling stockholders, purchasers in connection with sales of the common shares, or both. Additional information relating to the distribution of the common shares by the selling stockholders can be found in this prospectus under the heading "Plan of Distribution." If underwriters or dealers are involved in the sale of any securities offered by this prospectus, their names, and any applicable purchase price, fee, commission or discount arrangement between or among them, will be set forth, or will be calculable from the information set forth, in a supplement to this prospectus.

We will not receive any proceeds from the sale of common stock by the selling stockholders. We will receive proceeds from the selling stockholders from any exercise of their warrants made on a cash basis.

Our common stock is quoted on the OTC Bulletin Board under the symbol "PSTX." On May 2, 2012, the closing price of our common stock was \$1.70 per share.

Investing in our common stock involves a high degree of risk. Before making any investment in our common stock, you should read and carefully consider the risks described in this prospectus under "Risk Factors" beginning on page 5 of this prospectus.

You should rely only on the information contained in this prospectus or any prospectus supplement or amendment thereto. We have not authorized anyone to provide you with different information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated _____, 2012

TABLE OF CONTENTS

	Page
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	ii
<u>ABOUT THIS PROSPECTUS</u>	iii
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	iii
<u>PROSPECTUS SUMMARY</u>	1
<u>RISK FACTORS</u>	5
<u>SELLING STOCKHOLDERS</u>	19
<u>DETERMINATION OF OFFERING PRICE</u>	23
<u>PLAN OF DISTRIBUTION</u>	23
<u>USE OF PROCEEDS</u>	25
<u>MARKET PRICE OF AND DIVIDENDS ON COMMON STOCK AND RELATED MATTERS</u>	25
<u>BUSINESS</u>	28
<u>MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	38
<u>DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	49
<u>EXECUTIVE COMPENSATION</u>	51
<u>DIRECTOR COMPENSATION</u>	54
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	56
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	59
<u>DESCRIPTION OF CAPITAL STOCK</u>	62
<u>LEGAL MATTERS</u>	65
<u>EXPERTS</u>	65
<u>FINANCIAL STATEMENTS</u>	F-1

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or Exchange Act. Our forward-looking statements relate to future events or our future performance and include, but are not limited to, statements concerning our business strategy, future commercial revenues, market growth, capital requirements, new product introductions, expansion plans and the adequacy of our funding. Other statements contained in this prospectus that are not historical facts are also forward-looking statements. You can sometimes identify forward-looking statements by our use of forward-looking words like “may,” “will,” “could,” “should,” “expects,” “intends,” “anticipates,” “believes,” “estimates,” “seeks,” “predicts,” “potential,” or “continue” or the negative of these terms and other similar expressions and terminology.

We caution investors that any forward-looking statements presented in this prospectus, or that we may make orally or in writing from time to time, are based on the beliefs of, assumptions made by, and information currently available to, us. Although we believe that the plans, objectives, expectations and intentions reflected in or suggested by our forward-looking statements are reasonable, those statements are based only on the current beliefs and assumptions of our management and on information currently available to us and, therefore, they involve uncertainties and risks as to what may happen in the future. Accordingly, we cannot guarantee that our plans, objectives, expectations or intentions will be achieved. Our actual results, performance (financial or operating) or achievements could differ from those expressed in or implied by any forward-looking statement in this prospectus as a result of many known and unknown factors, many of which are beyond our ability to predict or control, and those differences may be material. Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include the following:

- our ability to successfully implement hospitals under contract but not yet implemented;
- the early stage of adoption of our Safety-Sponge® System and the need to expand adoption of our Safety-Sponge® System;
- the impact on our future revenue and cash flow from the Forward Order (described herein) and ordering patterns of our exclusive distributor, Cardinal Health;
- our need for additional financing to support our business;
- our reliance on third-party manufacturers, some of whom are sole-source suppliers, and on our exclusive distributor;
- any inability to successfully protect our intellectual property portfolio; and
- the impact on our revenues and financial position from managing our growth, including the initial costs typically associated with hospital implementations.

For further discussion of these and other factors see the sections in this prospectus entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors.” This prospectus and all other written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in or referred to in this section.

Our forward-looking statements speak only as of the date they are made and should not be relied upon as representing our plans, objectives, expectations and intentions as of any subsequent date. Although we may elect to update or revise forward-looking statements at some time in the future, we specifically disclaim any obligation to do so, even if our plans, objectives, expectations or intentions change.

ii

ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus. We have not authorized any person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor the selling stockholders are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of their respective dates. The Company's business, financial condition, results of operations and prospects may have changed since such dates.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to the "Company," "the registrant," "we," "us," and "our" mean Patient Safety Technologies, Inc., a Delaware corporation, together with our consolidated subsidiary, SurgiCount Medical Inc., a California corporation, unless the context otherwise requires.

Unless otherwise indicated, all statements presented in this prospectus regarding the medical patient safety market, the market for our products, our market share, the cumulative number of Safety-Sponges® used and number of procedures in which the Safety-Sponge® System have been used are internal estimates only.

Safety-Sponge®, SurgiCounter™ and SurgiCount360™ (formerly called Citadel™), among others, are registered or unregistered trademarks of Patient Safety Technologies, Inc. (including its subsidiary).

WHERE YOU CAN FIND MORE INFORMATION

We file annual reports, quarterly reports, current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. You may read or obtain a copy of these reports at the SEC, public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, on official business days during the hours of 10:00 am to 3:00 pm. You may obtain information on the operation of the public reference room and its copy charges by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains registration statements, reports, proxy information statements and other information regarding registrants that file electronically with the SEC. The address of the website is www.sec.gov.

We have filed with the SEC a Registration Statement on Form S-1 under the Securities Act with respect to the shares of common stock being offered by this prospectus. This prospectus is part of that registration statement. This prospectus does not contain all of the information set forth in the registration statement or the exhibits to the registration statement. For further information with respect to us and the shares offered by the selling stockholders pursuant to this prospectus, you should refer to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete, and you should refer to the copy of that contract, agreement or other document filed as an exhibit to the registration statement. You may read or obtain a copy of the registration statement at the SEC's public reference room and website referred to above.

PROSPECTUS SUMMARY

This summary highlights information contained throughout this prospectus and is qualified in its entirety to the more detailed information and financial statements included elsewhere in this prospectus. This summary does not contain all of the information that should be considered before investing in our common stock. Investors should read the entire prospectus carefully, including the more detailed information regarding our business, the risks of purchasing our common stock discussed in this prospectus under “Risk Factors” beginning on page 5 of this prospectus and our financial statements and the accompanying notes beginning on page F-1 of this prospectus.

Our Company

Patient Safety Technologies, Inc., focuses on the development, marketing and sale of products designed to improve patient outcomes and reduce costs in the healthcare industry. We conduct our business through our wholly owned subsidiary, SurgiCount Medical, Inc. Our proprietary Safety-Sponge® System is a patented solution designed to eliminate one of the most common errors in surgery, retained surgical sponges, and the human and economic costs associated with this surgical mistake. The Safety-Sponge® System is comprised of a line of uniquely identified surgical sponges and towels and a turnkey hardware and software offering integrated to form a comprehensive accounting and documentation system. Over an estimated 75 million of our Safety-Sponges® have been successfully used in more than 3.6 million surgical procedures.

We sell our Safety-Sponge® System to hospitals through our direct sales force and by leveraging the sales and marketing capabilities of our distribution partners. Our proprietary line of surgical sponges and towels are manufactured for us by our exclusive manufacturer, A Plus International Inc., or A Plus, a leading, China-based manufacturer of disposable medical and surgical supplies. Our sponge and towel products are distributed through Cardinal Health, Inc., or Cardinal Health, who provides us sales, marketing and logistics support and the fulfillment of our products to our end-user hospitals by both delivering our products directly to our end-user hospitals and where appropriate through alternative distributors. As of December 31, 2011, we had approximately 98 facilities using the Safety-Sponge® System and we currently have approximately 146, all of which are located in the U.S. Additionally, as of December 31, 2011 we had an additional 139 facilities with signed agreements and scheduled implementation, and we currently have approximately 117. Although not necessarily proportionally related to future revenue, growth in the number of hospitals using our products is a good indicator of our underlying business. Once implemented, the vast majority of our end-user hospitals use the Safety-Sponge® System across all of their relevant surgical and OB/GYN procedures.

We generated revenues of \$9.5 million and \$14.8 million during the fiscal years ended December 31, 2011 and 2010, respectively. Our 2011 revenues of \$9.5 million include approximately \$1.1 million of revenues from the fulfillment of a \$10.0 million stocking order in accordance with the terms of our exclusive distributor arrangement with Cardinal Health (the “Forward Order”). Also during 2011 we generated approximately \$8.4 million of revenue, separate from the Forward Order, from the delivery of products to Cardinal Health to meet customer demand from end-user hospitals. Our 2010 revenues of \$14.8 million included approximately \$8.9 million of revenues from the fulfillment of the Forward Order. Under certain circumstances the Forward Order may negatively impact our future revenues and cash flows. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations— Factors Affecting Future Results—Cardinal Health Supply Agreement”.

The U.S. patient safety market is a multi-billion dollar industry that includes a wide range of medical devices, technologies and equipment. We estimate there are approximately 32 million surgical procedures performed annually in the U.S. in which our products can be used and that our average revenue per procedure opportunity is currently approximately \$12 to \$15 dollars, implying an immediate market opportunity in the U.S. for us of more than \$450 million annually. In addition, we estimate that the total applicable procedures for our products outside the U.S. to be

approximately two times those done domestically, bringing the worldwide market opportunity for us to be over \$1.3 billion annually.

We believe that the U.S. healthcare industry is increasingly receptive to products like our Safety-Sponge® System that can enable providers to increase their standards of patient care and lower their costs. We believe drivers of this demand include growing evidence as to the clinical efficacy and cost effectiveness of products like ours, an increased focus by both federal and state level regulatory agencies to hold hospitals more accountable for preventable errors, increasing legal costs associated with these events and the underlying desire by providers to provide improved outcomes for their patients and protect their staff from the ramifications of these event.

Patient Safety Technologies, Inc. is a Delaware corporation that currently conducts its operations through a single, wholly-owned subsidiary, SurgiCount Medical, Inc., a California corporation. Today our sole focus is providing hospitals with products focused on improving patient outcomes and reducing healthcare costs. We were incorporated on March 31, 1987 and from July 1987 through March 2005, operated as an investment company registered pursuant to the Investment Company Act of 1940, as amended. In February 2005, we began operations in our current field, the medical patient safety market, through the acquisition of SurgiCount Medical, Inc., the developer of our proprietary Safety-Sponge® System, and in April 2005 changed our name from Franklin Capital Corporation to Patient Safety Technologies, Inc. to more appropriately reflect the focus of our operations.

Our principal executive offices are located at 2 Venture Plaza, Suite 350, Irvine, California 92618. The telephone number at our principal executive offices is (949) 387-2277. Our website address is www.surgicountmedical.com. Information contained on our website is not deemed part of this prospectus.

The Offering

This prospectus relates to the resale from time to time by the selling stockholders identified in this prospectus of up to 23,970,172 shares of our common stock. These shares include 13,602,639 issued and outstanding shares of common stock, 8,492,533 shares of common stock issuable upon conversion of our issued and outstanding Series B Preferred Stock and 1,875,000 shares of common stock underlying unexercised warrants to purchase common stock (see “–Background”). No shares are being offered for sale by us.

Common stock outstanding prior to offering	34,023,255 (1)
Common stock equivalents outstanding prior to offering	42,953,522(2)
Common stock offered by the selling stockholders	23,970,172 (3)
Common stock to be outstanding after the offering	44,390,788 (4)
Use of Proceeds	We will not receive any proceeds from the sale of the 23,970,172 shares of common stock offered by the selling stockholders under this prospectus.
	However, we will receive up to \$5,006,250 in the aggregate from the selling stockholders if they exercise in full, on a cash basis, all of their unexercised warrants to purchase 1,875,000 shares of common stock.
OTC Bulletin Board symbol	“PSTX”

(1) As of March 31, 2012.

(2) As of March 31, 2012. Based on 34,023,255 outstanding shares of our common stock and 8,930,267 shares of common stock issuable upon conversion of our outstanding shares of Series B Preferred Stock (based on dividing the \$100 per share stated value of the Series B Preferred Stock by the current conversion price of \$0.75 per share). The Series B Preferred Stock is convertible by the holder into shares of our common stock so long as the number of shares of our common stock “beneficially owned” (as defined in Rule 13d-3(d)(i) under the Securities Exchange Act of 1934, as amended) by the holder, its affiliates and any persons acting as a group with such holder or its affiliates, following such conversion, does not exceed 4.9% of our outstanding common stock (after giving effect to such conversion) (the “Beneficial Ownership Limitation”). Holders of our Series B Preferred Stock may, upon not less than 61 days’ prior notice, increase or decrease the Beneficial Ownership Limitation provided that such Beneficial Ownership Limitation in no event exceeds 9.9% of the shares of common stock outstanding immediately after giving effect to such conversion.

- (3) Includes 13,602,639 issued and outstanding shares of common stock, 8,492,533 shares of common stock issuable upon conversion of our Series B Preferred Stock (based on dividing the \$100 per share stated value of the Series B Preferred Stock by the current conversion price of \$0.75 per share) and 1,875,000 shares of common stock underlying unexercised warrants to purchase common stock at weighted average exercise price of \$2.67.
- (4) Based on the number of shares of common stock outstanding as of March 31, 2012. Assumes (i) the full exercise of the unexercised warrants held by the selling stockholders as of March 31, 2012 to acquire 1,875,000 shares of common stock and that no other outstanding warrants and options are exercised and (ii) the conversion of shares of Series B Preferred Stock convertible into 8,492,533 shares of common stock held by the selling stockholders based on dividing the \$100 per share stated value of the Series B Preferred Stock by the current conversion price of \$0.75 per share.

Background

In connection with a private placement transaction that closed on March 29, 2011 and March 30, 2011, or the March 2011 Private Placement, we entered into an amended and restated registration rights agreement, or the 2011 Registration Rights Agreement, with certain stockholders. Pursuant to the 2011 Registration Rights Agreement, we agreed to file within 45 days of the closing date of the March 2011 Private Placement, a registration statement to register the shares of our common stock acquired in the March 2011 Private Placement, shares of common stock convertible under Series B Preferred Stock acquired in a private placement transaction that closed on June 24, 2010, or the June 2010 Private Placement, shares issued under a consulting agreement to Mr. Kenneth Traub in February 2011, and any other shares of our common stock held by the stockholders party to the 2011 Registration Rights Agreement as of March 28, 2011. In addition to the foregoing mandatory registration, we also granted demand and “piggyback” registration rights.

In the March 2011 Private Placement, we raised \$7.1 million through the issuance of 9.489 million shares of our common stock, par value \$0.33 per shares, at a selling price of \$0.75 per share. The shares of common stock sold in the March 2011 Private Placement shares were issued in reliance upon the exemption from the registration requirements of the Securities Act pursuant to Rule 506 of Regulation D thereof. The offer, sale and issuance of the common stock in the March 2011 Private Placement was made without general solicitation or advertising and the shares were offered and issued only to “accredited investors” as such term is defined in Rule 501 of Regulation D under the Act.

In February 2011, in connection with a consulting agreement with Kenneth Traub, we issued Mr. Traub 75,000 restricted shares of our common stock. These shares are restricted under Rule 144 of the Securities Act and were issued in reliance upon Section 4(2) of the Securities Act.

In connection with a private placement that initially closed on June 24, 2010, or the June 2010 Private Placement, we raised \$6.1 million through the issuance of 60,500 shares of our Series B Preferred Stock, par value \$1.00 per share and a \$100 stated value per share (of which 500 shares of our Series B Preferred Stock were issued on December 6, 2010). As of the date of this prospectus, those 60,500 shares of our Series B Preferred Stock, plus an additional 3,194 shares of Series B Preferred Stock subsequently issued as “pay in kind dividends,” are convertible into 8,492,533 shares of our common stock. The shares of Series B Preferred Stock sold in the June 2010 Private Placement were issued in reliance upon the exemption from the registration requirements of the Securities Act pursuant to Rule 506 of Regulation D thereof. The offer, sale and issuance of the Series B Preferred Stock in the June 2010 Private Placement was made without general solicitation or advertising and were offered and issued only to “accredited

investors” as such term is defined in Rule 501 of Regulation D under the Act.

On November 19, 2009, in connection with the execution of our new supply and distribution agreement with Cardinal Health (see “Business—Customers and Distribution—Cardinal Health – Exclusive U.S. Distributor”), we issued to Cardinal Health warrants to purchase 1,250,000 shares of our common stock at \$2 per share and 625,000 shares of our common stock at \$4 per share pursuant to a Warrant Purchase Agreement dated effective November 19, 2009. The warrants have a term of five-years, but are subject to early expiration in certain circumstances. The warrants issued to Cardinal Health were issued in reliance upon the exemption from the registration requirements of the Securities Act pursuant to Section 4(2) and the rules and regulations promulgated thereunder, including Regulation D. The offer, sale and issuance of the common stock was made without general solicitation or advertising. The warrants were offered and issued only to an “accredited investor” as such term is defined in Rule 501 of Regulation D under the Act.

On July 29, 2009, we issued an aggregate 5.4 million shares of our common stock in the first closing of two private placements, or the July 2009 Private Placements, to accredited investors who were holders of warrants to purchase shares of our common stock. Warrant holders could tender their warrants for shares of our common stock pursuant to the Exchange Agreement dated as of July 29, 2009 (the "Exchange Agreement") or acquire additional shares of our common stock at a price per share of \$0.86 pursuant to the purchase agreement dated as of July 29, 2009 in exchange for their warrants for shares of our common stock and cash. Holders not making a cash investment tendered warrants to purchase an aggregate 1.6 million shares of our common stock in exchange for an aggregate 597 thousand shares of our common stock pursuant to the Exchange Agreement. Holders who elected to make a cash investment tendered warrants to purchase an aggregate 4.8 million shares of our common stock and an aggregate \$1.5 million in cash, and received an aggregate 4.8 million shares of our common stock pursuant to the purchase agreement.

On September 18, 2009, we issued an aggregate 587 thousand shares of our common stock in the second and final closing of the July 2009 Private Placements to accredited investors who were holders of warrants to purchase shares of our common stock. Warrant holders could tender their warrants for shares of our common stock pursuant to the Exchange Agreement or acquire additional shares of our common stock at a price per share of \$0.86 pursuant to the purchase agreement in exchange for their warrants to purchase our common stock and cash. Holders not making a cash investment tendered warrants to purchase an aggregate 59 thousand shares of our common stock in exchange for an aggregate 20 thousand shares of our common stock pursuant to the Exchange Agreement. Holders who elected to make a cash investment tendered warrants to purchase an aggregate 567 thousand shares of our common stock and an aggregate \$195 thousand in cash, and received an aggregate 567 thousand shares of our common stock pursuant to the purchase agreement.

The shares issued in the July 2009 Private Placements were issued in reliance on Section 4(2) of the Securities Act.

During August 1, 2008 we entered into subscription agreements with several accredited investors in a private placement transaction, or the August 2008 Private Placement, and issued and sold on multiple closing dates an aggregate of 2.0 million shares of our common stock at \$1.25 per share and warrants to purchase an additional 1.3 million shares of our common stock. The warrants are exercisable for a period of five years at an exercise price equal to \$1.40. These securities issued in the August 2008 Private Placement were issued in reliance upon the exemption from the registration requirements of the Securities Act pursuant to Section 4(2) and the rules and regulations promulgated thereunder, including Regulation D. The offer, sale and issuance of the securities were made without general solicitation or advertising. The securities were offered and issued only to an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Act.

On May 27, 2008 and June 19, 2008, we entered into subscription agreements with several accredited investors in a private placement, or the May 2008 Private Placement, and issued and sold to an aggregate of 2.1 million shares of our per share common stock at \$1.25 and warrants to purchase an additional 1.3 million shares of our common stock. The warrants are exercisable for a period of five years at an exercise price equal to \$1.40. These securities issued in the May 2008 Private Placement were issued in reliance upon the exemption from the registration requirements of the Securities Act pursuant to Section 4(2) and the rules and regulations promulgated thereunder, including Regulation D. The offer, sale and issuance of the securities were made without general solicitation or advertising. The securities were offered and issued only to an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Act.

On January 29, 2007, we entered into a subscription agreement with A Plus, or the January 2007 Private Placement, pursuant to which we sold 800,000 shares of our common stock at \$1.25 per share and issued warrants to purchase an additional 300,000 shares of our common stock. The warrants are exercisable for a period of five years at an exercise price equal to \$2.00 per share. These securities issued in the January 2007 Private Placement were issued in reliance upon the exemption from the registration requirements of the Securities Act pursuant to Section 4(2) and the rules and

regulations promulgated thereunder, including Regulation D. The offer, sale and issuance of the securities were made without general solicitation or advertising. The securities were offered and issued only to an “accredited investor” as such term is defined in Rule 501 of Regulation D under the Act.

On October 17, 2007, we entered into a securities purchase agreement with Francis Capital Management, LLC, or Francis Capital, or the October 2007 Private Placement, pursuant to which we sold an aggregate of 1,272,000 shares of our common stock and issued warrants to purchase an additional 763,000 shares of its common stock. The warrants are exercisable for a period of five years at an exercise price equal to \$1.40 per share. We received gross proceeds of \$1,500,000 in cash and the extinguishment of \$90,000 in existing debt owed by us to Francis Capital. These securities issued in the October 2007 Private Placement were issued in reliance upon the exemption from the registration requirements of the Securities Act pursuant to Section 4(2) and the rules and regulations promulgated thereunder, including Regulation D. The offer, sale and issuance of the securities was made without general solicitation or advertising. The securities were offered and issued only to an “accredited investor” as such term is defined in Rule 501 of Regulation D under the Act.

Plan of Distribution

This offering is not being underwritten. The selling stockholders will sell their shares of our common stock at prevailing market prices or privately negotiated prices. The selling stockholders themselves directly, or through their agents, or through their brokers or dealers, may sell their shares from time to time, in (i) privately negotiated transactions, (ii) in one or more transactions, including block transactions in accordance with the applicable rules of the OTC Bulletin Board or any other stock exchange, market or trading facility on which our shares are traded or (iii) otherwise in accordance with the section of this prospectus entitled “Plan of Distribution.” To the extent required, the specific shares to be sold, the names of the selling stockholders, the respective purchase prices and public offering prices, the names of any agent, broker or dealer and any applicable commission or discounts with respect to a particular offer will be described in an accompanying prospectus supplement. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 may be sold under Rule 144 rather than pursuant to this prospectus.

For additional information on the methods of sale, you should refer to the section of this prospectus entitled “Plan of Distribution,” beginning on page 23.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Potential investors should consider carefully the risks and uncertainties described below together with all other information contained in this prospectus before making investment decisions with respect to our common stock. If any of the following risks actually occur, our business, financial condition, results of operations and our future growth prospects would be materially and adversely affected. Under these circumstances, the trading price and value of our common stock could decline resulting in a loss of all or part of your investment. The risks and uncertainties described in this prospectus are not the only ones facing our Company. Additional risks and uncertainties of which we are not presently aware, or that we currently consider immaterial, may also affect our business operations.

This prospectus contains forward-looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “continue” or the negative of these terms or other similar words. These statements are only predictions. The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties and other factors that may cause our customers’ or our industry’s actual results, levels of activity, performance or achievements expressed or implied by these forward-looking statements, to differ. “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” as well as other sections in this prospectus, discuss the important factors that could contribute to these differences.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the sta/FONT> **bond period authorized representative**

June 5, 2009 June 5, 2009 to June 5, 2010 /S/ Maggie Sullivan

In consideration of the premium charged for this Bond, it is hereby understood and agreed that notwithstanding Section 2.Q of this Bond, this Bond is amended by adding an additional Insuring Agreement J as follows:

J. COMPUTER SECURITY

Loss (including loss of Property) resulting directly from Computer Fraud; provided, that the Insured has adopted in writing and generally maintains and follows during the Bond Period all Computer Security Procedures. The isolated failure of the Insured to maintain and follow a particular Computer Security Procedure in a particular instance will not preclude coverage under this Insuring Agreement, subject to the specific exclusions herein and in the Bond.

1. Definitions. The following terms used in this Insuring Agreement shall have the following meanings:

- a. Authorized User means any person or entity designated by the Insured (through contract, assignment of User Identification, or otherwise) as authorized to use a Covered Computer System, or any part thereof. An individual who invests in an Insured Fund shall not be considered to be an Authorized User solely by virtue of being an investor.
- b. Computer Fraud means the unauthorized entry of data into, or the deletion or destruction of data in, or change of data elements or programs within, a Covered Computer System which:
 - (1) is committed by any Unauthorized Third Party anywhere, alone or in collusion with other Unauthorized Third Parties; and
 - (2) is committed with the conscious manifest intent (a) to cause the Insured to sustain a loss, and (b) to obtain financial benefit for the perpetrator or any other person; and

- (3) causes (x) Property to be transferred, paid or delivered; or (y) an account of the Insured, or of its customer, to be added, deleted, debited or credited; or (z) an unauthorized or fictitious account to be debited or credited.
- c. Computer Security Procedures means procedures for prevention of unauthorized computer access and use and administration of computer access and use as provided in writing to the Underwriter.
- d. Covered Computer System means any Computer System as to which the Insured has possession, custody and control.
- e. Unauthorized Third Party means any person or entity that, at the time of the Computer Fraud, is not an Authorized User.
- f. User Identification means any unique user name (*i.e.*, a series of characters) that is assigned to a person or entity by the Insured.
2. Exclusions. It is further understood and agreed that this Insuring Agreement J shall not cover:
- a. Any loss covered under Insuring Agreement A, Fidelity, of this Bond; and
- b. Any loss resulting directly or indirectly from Theft or misappropriation of confidential or proprietary information, material or data (including but not limited to trade secrets, computer programs or customer information); and
- c. Any loss resulting from the intentional failure to adhere to one or more Computer Security Procedures; and
- d. Any loss resulting from a Computer Fraud committed by or in collusion with:
- (1) any Authorized User (whether a natural person or an entity); or
- (2) in the case of any Authorized User which is an entity, (a) any director, officer, partner, employee or agent of such Authorized User, or (b) any entity which controls, is controlled by, or is under common control with such Authorized User (Related Entity), or (c) any director, officer, partner, employee or agent of such Related Entity; or
- (3) in the case of any Authorized User who is a natural person, (a) any entity for which such Authorized User is a director, officer, partner, employee or agent (Employer Entity), or (b) any director, officer, partner, employee or agent of such Employer Entity, or (c) any entity which controls, is controlled by, or is under common control with such Employer Entity (Employer-Related Entity), or (d) any director, officer, partner, employee or agent of such Employer-Related Entity;

and

- e. Any loss resulting from physical damage to or destruction of any Covered Computer System, or any part thereof, or any data, data elements or media associated therewith; and
- f. Any loss resulting from Computer Fraud committed by means of wireless access to any Covered Computer System, or any part thereof, or any data, data elements or media associated therewith; and
- g. Any loss not directly and proximately caused by Computer Fraud (including, without limitation, disruption of business and extra expense); and
- h. Payments made to any person(s) who has threatened to deny or has denied authorized access to a Covered Computer System or otherwise has threatened to disrupt the business of the Insured.

For purposes of this Insuring Agreement, Single Loss, as defined in Section 1.X of this Bond, shall also include all loss caused by Computer Fraud(s) committed by one person, or in which one person is implicated, whether or not that person is specifically identified. A series of losses involving unidentified individuals, but arising from the same method of operation, may be deemed by the Underwriter to involve the same individual and in that event shall be treated as a Single Loss.

It is further understood and agreed that nothing in this Rider shall affect the exclusion set forth in Section 2.0 of this Bond.

Coverage under this Insuring Agreement shall terminate upon termination of this Bond. Coverage under this Insuring Agreement may also be terminated without terminating this Bond as an entirety:

- (a) by written notice from the Underwriter not less than sixty (60) days prior to the effective date of termination specified in such notice; or
- (b) immediately by written notice from the Insured to the Underwriter.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RN19.0-04 (12/03)

**Ici mutual insurance company,
a Risk Retention Group
INVESTMENT COMPANY BLANKET BOND
RIDER NO. 4**

insured		bond number
Van Kampen Investments Inc.		87096109B
effective date	bond period	authorized representative
June 5, 2009	June 5, 2009 to June 5, 2010	/S/ Maggie Sullivan

In consideration of the premium charged for this Bond, it is hereby understood and agreed that the Deductible Amount for Insuring Agreement E, Forgery or Alteration, and Insuring Agreement F, Securities, shall not apply with respect to loss through Forgery of a signature on the following documents:

- (1) letter requesting redemption of \$50,000 or less payable by check to the shareholder of record and addressed to the address of record; or
- (2) letter requesting redemption of \$50,000 or less by wire transfer to the record shareholder's bank account of record; or
- (3) written request to a trustee or custodian for a Designated Retirement Account (DRA) which holds shares of an Insured Fund, where such request (a) purports to be from or at the instruction of the Owner of such DRA, and (b) directs such trustee or custodian to transfer \$50,000 or less from such DRA to a trustee or custodian for another DRA established for the benefit of such Owner;

provided, that the Limit of Liability for a Single Loss as described above shall be \$50,000 and that the Insured shall bear 20% of each such loss. This Rider shall not apply in the case of any such Single Loss which exceeds \$50,000; in such case the Deductible Amounts and Limits of Liability set forth in Item 3 of the Declarations shall control.

For purposes of this Rider:

(A) Designated Retirement Account means any retirement plan or account described or qualified under the Internal Revenue Code of 1986, as amended, or a subaccount thereof.

(B) Owner means the individual for whose benefit the DRA, or a subaccount thereof, is established.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RN27.0-02 (10/08)

**ICI MUTUAL INSURANCE COMPANY,
a Risk Retention Group
INVESTMENT COMPANY BLANKET BOND
RIDER NO. 5**

insured		bond number
Van Kampen Investments Inc.		87096109B
effective date	bond period	authorized representative
June 5, 2009	June 5, 2009 to June 5, 2010	/S/ Maggie Sullivan

In consideration of the premium charged for this Bond, it is hereby understood and agreed that this Bond does not cover any loss resulting from or in connection with the acceptance of any Third Party Check, unless

(1) such Third Party Check is used to open or increase an account which is registered in the name of one or more of the payees on such Third Party Check, and

(2) reasonable efforts are made by the Insured, or by the entity receiving Third Party Checks on behalf of the Insured, to verify all endorsements on all Third Party Checks made payable in amounts greater than \$100,000 (provided, however, that the isolated failure to make such efforts in a particular instance will not preclude coverage, subject to the exclusions herein and in the Bond),

and then only to the extent such loss is otherwise covered under this Bond.

For purposes of this Rider, Third Party Check means a check made payable to one or more parties and offered as payment to one or more other parties.

It is further understood and agreed that notwithstanding anything to the contrary above or elsewhere in the Bond, this Bond does not cover any loss resulting from or in connection with the acceptance of a Third Party Check where:

(1) any payee on such Third Party Check reasonably appears to be a corporation or other entity; or

(2) such Third Party Check is made payable in an amount greater than \$100,000 and does not include the purported endorsements of all payees on such Third Party Check.

It is further understood and agreed that this Rider shall not apply with respect to any coverage that may be available under Insuring Agreement A, Fidelity.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RN30.0-01 (1/02)

**ICI MUTUAL INSURANCE COMPANY,
a Risk Retention Group
INVESTMENT COMPANY BLANKET BOND
RIDER NO. 6**

insured		bond number
Van Kampen Investments Inc.		87096109B
effective date	bond period	authorized representative
June 5, 2009	June 5, 2009 to June 5, 2010	/S/ Maggie Sullivan

In consideration of the premium charged for this Bond, it is hereby understood and agreed that, notwithstanding anything to the contrary in General Agreement A of this Bond, Item 1 of the Declarations shall include any Investment Company advised, distributed, or administered by Van Kampen Advisors Inc., Van Kampen Asset Management Inc., or Van Kampen Funds Inc. (individually and/or collectively referred to as "Van Kampen"), whether such Investment Companies are considered active, inactive, or dissolved, and for which Van Kampen has responsibility for placing investment company fidelity bond insurance coverage, provided that a list of such Funds is submitted to the Underwriter on at least an annual basis.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RNV33.0-06-096 (1/05)

**ICI MUTUAL INSURANCE COMPANY,
a Risk Retention Group
INVESTMENT COMPANY BLANKET BOND
RIDER NO. 7**

insured		bond number
Van Kampen Investments Inc.		87096109B
effective date	bond period	authorized representative
June 5, 2009	June 5, 2009 to June 5, 2010	/S/ Maggie Sullivan

In consideration for the premium charged for this Bond, it is hereby understood and agreed that notwithstanding anything to the contrary in this Bond (including Insuring Agreement I), this Bond does not cover any loss resulting from any On-Line Redemption(s) or On-Line Purchase(s) involving an aggregate amount in excess of \$250,000 per shareholder account per day, unless before such redemption(s) or purchase(s), in a procedure initiated by the Insured or by the entity receiving the request for such On-Line Redemption(s) or On-Line Purchase(s):

(i) the Shareholder of Record verifies, by some method other than an Electronic Transmission effected by computer-to-computer over the Internet or utilizing modem or similar connections, that each such redemption or purchase has been authorized, and (ii) if such redemption or purchase is to be effected by wire to or from a particular bank account, a duly authorized employee of the bank verifies the account number to or from which funds are being transferred, and that the name on the account is the same as the name of the intended recipient of the proceeds; or It is further understood and agreed that, notwithstanding the Limit of Liability set forth herein or any other provision of this Bond, the Limit of Liability with respect to any Single Loss caused by an On-Line Transaction shall be Ten Million Dollars (\$10,000,000) and the On-Line Deductible with respect to Insuring Agreement I is Fifty Thousand Dollars (\$50,000).

It is further understood and agreed that notwithstanding Section 8, Non-Reduction and Non-Accumulation of Liability and Total Liability, or any other provision of this Bond, the Aggregate Limit of Liability of the Underwriter under this Bond with respect to any and all loss or losses caused by On-Line Transactions shall be an aggregate of Ten Million Dollars (\$10,000,000) for the Bond Period, irrespective of the total amount of such loss or losses.

For purposes of this Rider, the following terms shall have the following meanings:

On-Line Purchase means any purchase of shares issued by an Investment Company, which purchase is requested by computer-to-computer transmissions over the Internet (including any connected or associated intranet or extranet) or utilizing modem or similar connections.

On-Line Redemption means any redemption of shares issued by an Investment Company, which redemption is requested by computer-to computer transmissions over the Internet (including any connected or associated intranet or extranet) or utilizing modem or similar connections.

On-Line Transaction means any Phone/Electronic Transaction requested by computer-to-computer transmissions over the Internet (including any connected or associated intranet or extranet) or utilizing modem or similar connections. Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RN38.0-02 (8/02)

**ICI MUTUAL INSURANCE COMPANY,
a Risk Retention Group
INVESTMENT COMPANY BLANKET BOND
RIDER NO. 8**

insured		bond number
Van Kampen Investments Inc.		87096109B
effective date	bond period	authorized representative
June 5, 2009	June 5, 2009 to June 5, 2010	/S/ Maggie Sullivan

In consideration for the premium charged for this Bond, it is hereby understood and agreed that, with respect to Insuring Agreement I only, the Deductible Amount set forth in Item 3 of the Declarations (Phone/Electronic Deductible) shall not apply with respect to a Single Loss, otherwise covered by Insuring Agreement I, caused by:

- (1) a Phone/Electronic Redemption requested to be paid or made payable by check to the Shareholder of Record at the address of record; or
- (2) a Phone/Electronic Redemption requested to be paid or made payable by wire transfer to the Shareholder of Record s bank account of record,

provided, that the Limit of Liability for a Single Loss as described in (1) or (2) above shall be the lesser of 80% of such loss or \$40,000 and that the Insured shall bear the remainder of each such Loss. This Rider shall not apply if the application of the Phone/Electronic Deductible to the Single Loss would result in coverage of greater than \$40,000 or more; in such case the Phone-initiated Deductible and Limit of Liability set forth in Item 3 of the Declarations shall control.

For purposes of this Rider, Phone/Electronic Redemption means any redemption of shares issued by an Investment Company, which redemption is requested (a) by voice over the telephone, (b) through an automated telephone tone or voice response system, (c) by Telefacsimile, or (d) by computer-to-computer transmission over the Internet (including any connected or associated intranet or extranet) or utilizing modem or similar connections.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RN39.0-02 (8/02)

**ICI MUTUAL INSURANCE COMPANY,
a Risk Retention Group
INVESTMENT COMPANY BLANKET BOND
RIDER NO. 9**

insured		bond number
Van Kampen Investments Inc.		87096109B
effective date	bond period	authorized representative
June 5, 2009	June 5, 2009 to June 5, 2010	/S/ Maggie Sullivan

In consideration of the premium charged for this Bond, it is hereby understood and agreed that notwithstanding anything to the contrary in this Bond (including Insuring Agreement I), this Bond does not cover loss caused by a Phone/Electronic Transaction requested:

by wireless device transmissions over the Internet (including any connected or associated intranet or extranet), except insofar as such loss is covered under Insuring Agreement A Fidelity of this Bond.
Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RN48.0-00 (1/02)

**ICI MUTUAL INSURANCE COMPANY,
a Risk Retention Group
INVESTMENT COMPANY BLANKET BOND
RIDER NO. 10**

insured		bond number
Van Kampen Investments Inc.		87096109B
effective date	bond period	authorized representative
June 5, 2009	June 5, 2009 to June 5, 2010	/S/ Maggie Sullivan

In consideration for the premium charged for this Bond, it is hereby understood and agreed that notwithstanding anything to the contrary in this Bond (including Insuring Agreement I), for purposes of On-Line Transactions only, the third paragraph under EXCLUDING loss resulting from: is hereby amended by adding the following at the end of the existing paragraph:

(iii) in the case of a pre-existing registered account of a Fund shareholder, a bank account designated through a secured on-line form, provided that (aa) a 15-day hold is placed on all redemptions for such a bank account designated on-line, and (bb) a written (hard-copy) confirmation of such on-line designation is mailed to the shareholder(s) to whose account the account relates, at the record address, by the end of the Insured's next regular processing cycle, but no later than five (5) business days following such on-line designation; or

For purposes of this Rider, the following term shall have the following meanings:

On-Line Transactions means Phone/Electronic Transactions requested by computer-to-computer transmissions over the Internet (including any connected or associated intranet or extranet) or utilizing modem or similar connections. Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RNM72.0-00-096 (5/02)

**ICI MUTUAL INSURANCE COMPANY,
a Risk Retention Group
INVESTMENT COMPANY BLANKET BOND
RIDER NO. 11**

insured		bond number
Van Kampen Investments Inc.		87096109B
effective date	bond period	authorized representative
June 5, 2009	June 5, 2009 to June 5, 2010	/S/ Maggie Sullivan

In consideration of the premium charged for this Bond, it is hereby understood and agreed that Section 5 of this Bond is amended to read as follows:

For all purposes under this Bond, a loss is discovered, and discovery of a loss occurs, when the Legal Department of Van Kampen Investments Inc., the Chief Compliance Officer of Van Kampen Funds, the Legal Department of Morgan Stanley or the Risk and Insurance Department of Morgan Stanley:

- (1) becomes aware of facts, or
- (2) receives notice of an actual or potential claim by a third party which alleges that the Insured is liable under circumstances,

which would cause a reasonable person to assume that loss covered by this Bond has been or is likely to be incurred even though the exact amount or details of loss may not be known.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RNM27.0.0-02-096 (12/96)

**ICI MUTUAL INSURANCE COMPANY,
a Risk Retention Group
INVESTMENT COMPANY BLANKET BOND
RIDER NO. 12**

insured	bond number
Van Kampen Investments Inc.	87096109B

effective date	bond period	authorized representative
June 5, 2009	June 5, 2009 to June 5, 2010	/S/ Maggie Sullivan

Most property and casualty insurers, including ICI Mutual Insurance Company, a Risk Retention Group (ICI Mutual), are subject to the requirements of the Terrorism Risk Insurance Act of 2002 (the Act). The Act establishes a Federal insurance backstop under which ICI Mutual and these other insurers will be partially reimbursed for future **insured losses** resulting from certified **acts of terrorism**. (Each of these **bolded terms** is defined by the Act.) The Act also places certain disclosure and other obligations on ICI Mutual and these other insurers.

Pursuant to the Act, any future losses to ICI Mutual caused by certified **acts of terrorism** will be partially reimbursed by the United States government under a formula established by the Act. Under this formula, the United States government will reimburse ICI Mutual for 90% of ICI Mutual's **insured losses** in excess of a statutorily established deductible until total insured losses of all participating insurers reach \$100 billion. If total insured losses of all property and casualty insurers reach \$100 billion during any applicable period, the Act provides that the insurers will not be liable under their policies for their portions of such losses that exceed such amount. Amounts otherwise payable under this bond may be reduced as a result.

This bond has no express exclusion for **acts of terrorism**. However, coverage under this bond remains subject to all applicable terms, conditions and limitations of the bond (including exclusions) that are permissible under the Act. The portion of the premium that is attributable to any coverage potentially available under the bond for **acts of terrorism** is one percent (1%).

RN53.0-00 (3/03)

**ICI MUTUAL INSURANCE COMPANY,
a Risk Retention Group
INVESTMENT COMPANY BLANKET BOND
RIDER NO. 13**

insured		bond number
Van Kampen Investments Inc.		87096109B
effective date	bond period	authorized representative
June 5, 2009	June 5, 2009 to June 5, 2010	/S/ Maggie Sullivan

In consideration of the premium charged for this Bond, it is hereby understood and agreed that:

1. In the event that a loss is covered under more than one bond issued to Van Kampen Investments Inc. or any affiliates thereof issued by ICI Mutual Insurance Company, the total liability of ICI Mutual Insurance Company under all implicated bonds in combination shall not exceed the applicable Limit of Liability of the largest of the implicated bonds. In no event shall the applicable Limits of Liability of each of the implicated bonds be added together or otherwise combined to determine the total liability of ICI Mutual Insurance Company.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RN23.0-01 (11/03)

**ICI MUTUAL INSURANCE COMPANY,
a Risk Retention Group
INVESTMENT COMPANY BLANKET BOND
RIDER NO. 14**

insured		bond number
Van Kampen Investments Inc.		87096109B
effective date	bond period	authorized representative
June 5, 2009	June 5, 2009 to June 5, 2010	/S/ Maggie Sullivan

In consideration of the premium charged for this Bond, it is hereby understood and agreed that Section 1.G shall be amended to read as follows:

Dishonest or Fraudulent Act means any dishonest or fraudulent act, including larceny and embezzlement as defined in Section 37 of the Investment Company Act of 1940, committed with the conscious manifest intent (1) to cause the Insured to sustain a loss or (2) to obtain financial benefit for the perpetrator or any other person (other than salaries, commissions, fees, bonuses, awards, profit sharing, pensions or other employee benefits). A Dishonest or Fraudulent Act does not mean or include a reckless act, a negligent act, or a grossly negligent act.

Except as above stated, nothing herein shall be held to alter, waive or extend any of the terms of this Bond.

RNM5.0-00-096 (1/02)

**ASSISTANT SECRETARY S CERTIFICATE
OF THE**

VAN KAMPEN FUNDS:

VAN KAMPEN U.S. MORTGAGE FUND,
a series of **VAN KAMPEN U.S. GOVERNMENT TRUST**;
VAN KAMPEN CALIFORNIA INSURED TAX FREE FUND,
VAN KAMPEN INSURED TAX FREE INCOME FUND,
VAN KAMPEN INTERMEDIATE TERM MUNICIPAL INCOME FUND,
VAN KAMPEN MUNICIPAL INCOME FUND,
VAN KAMPEN NEW YORK TAX FREE INCOME FUND,
VAN KAMPEN STRATEGIC MUNICIPAL INCOME FUND,
each being a series of **VAN KAMPEN TAX FREE TRUST**;
VAN KAMPEN CORE PLUS FIXED INCOME FUND,
each being a series of **VAN KAMPEN TRUST**;
VAN KAMPEN GLOBAL TACTICAL ASSET ALLOCATION FUND,
VAN KAMPEN GLOBAL BOND FUND,
each being a series of **VAN KAMPEN TRUST II**;
VAN KAMPEN MID CAP GROWTH FUND,
VAN KAMPEN SMALL CAP GROWTH FUND,
VAN KAMPEN SMALL CAP VALUE FUND,
VAN KAMPEN UTILITY FUND,
VAN KAMPEN VALUE OPPORTUNITIES FUND,
VAN KAMPEN LEADERS FUND,
VAN KAMPEN ASSET ALLOCATION CONSERVATIVE FUND,
VAN KAMPEN ASSET ALLOCATION MODERATE FUND,
VAN KAMPEN ASSET ALLOCATION GROWTH FUND,
VAN KAMPEN CORE EQUITY FUND,
VAN KAMPEN GLOBAL GROWTH FUND,
each being a series of **VAN KAMPEN EQUITY TRUST**;
VAN KAMPEN AMERICAN FRANCHISE FUND,
VAN KAMPEN TECHNOLOGY FUND,
VAN KAMPEN INTERNATIONAL ADVANTAGE FUND,
VAN KAMPEN INTERNATIONAL GROWTH FUND,
VAN KAMPEN EQUITY PREMIUM INCOME FUND,
VAN KAMPEN CORE GROWTH FUND,
each being a series of **VAN KAMPEN EQUITY TRUST II**;
VAN KAMPEN O SHAUGHNESSY LARGE CAP GROWTH FUND
VAN KAMPEN O SHAUGHNESSY ALL CAP CORE FUND
VAN KAMPEN O SHAUGHNESSY ENHANCED DIVIDEND FUND
VAN KAMPEN O SHAUGHNESSY SMALL / MID CAP GROWTH FUND
VAN KAMPEN O SHAUGHNESSY GLOBAL FUND
VAN KAMPEN O SHAUGHNESSY INTERNATIONAL FUND
each a series of **VAN KAMPEN PARTNERS TRUST**

VAN KAMPEN PENNSYLVANIA TAX FREE INCOME FUND;
VAN KAMPEN TAX FREE MONEY FUND;
VAN KAMPEN COMSTOCK FUND;
VAN KAMPEN CORPORATE BOND FUND;
VAN KAMPEN ENTERPRISE FUND;
VAN KAMPEN EQUITY AND INCOME FUND;
VAN KAMPEN EXCHANGE FUND;
VAN KAMPEN LIMITED DURATION FUND;
VAN KAMPEN GOVERNMENT SECURITIES FUND;
VAN KAMPEN GROWTH AND INCOME FUND;
VAN KAMPEN HARBOR FUND;
VAN KAMPEN HIGH YIELD FUND;
MID CAP GROWTH PORTFOLIO,
COMSTOCK PORTFOLIO,
CAPITAL GROWTH PORTFOLIO,
GLOBAL TACTICAL ASSET ALLOCATION PORTFOLIO,
GOVERNMENT PORTFOLIO,
GROWTH AND INCOME PORTFOLIO,
MONEY MARKET PORTFOLIO,

each being a portfolio of **VAN KAMPEN LIFE INVESTMENT TRUST**;

VAN KAMPEN CAPITAL GROWTH FUND;
VAN KAMPEN REAL ESTATE SECURITIES FUND;
VAN KAMPEN MONEY MARKET FUND;
VAN KAMPEN HIGH YIELD MUNICIPAL FUND,
a series of **VAN KAMPEN TAX-EXEMPT TRUST**;
VAN KAMPEN 2050 RETIREMENT STRATEGY FUND
VAN KAMPEN 2045 RETIREMENT STRATEGY FUND
VAN KAMPEN 2040 RETIREMENT STRATEGY FUND
VAN KAMPEN 2035 RETIREMENT STRATEGY FUND
VAN KAMPEN 2030 RETIREMENT STRATEGY FUND
VAN KAMPEN 2025 RETIREMENT STRATEGY FUND
VAN KAMPEN 2020 RETIREMENT STRATEGY FUND
VAN KAMPEN 2015 RETIREMENT STRATEGY FUND
VAN KAMPEN 2010 RETIREMENT STRATEGY FUND
VAN KAMPEN IN RETIREMENT STRATEGY FUND

each of a series of **VAN KAMPEN RETIREMENT STRATEGY TRUST**

VAN KAMPEN AMERICAN VALUE FUND;
VAN KAMPEN EMERGING MARKETS FUND;
VAN KAMPEN EQUITY GROWTH FUND;
VAN KAMPEN GLOBAL EQUITY ALLOCATION FUND;
VAN KAMPEN GLOBAL VALUE EQUITY FUND;
VAN KAMPEN GLOBAL FRANCHISE FUND;

each a series of **VAN KAMPEN SERIES FUND, INC.**

VAN KAMPEN ADVANTAGE MUNICIPAL INCOME TRUST II;
VAN KAMPEN BOND FUND;
VAN KAMPEN CALIFORNIA VALUE MUNICIPAL INCOME TRUST;
VAN KAMPEN HIGH INCOME TRUST II;
VAN KAMPEN MASSACHUSETTS VALUE MUNICIPAL INCOME TRUST;
VAN KAMPEN MUNICIPAL OPPORTUNITY TRUST;

* has not yet
commenced
investment
operations

VAN KAMPEN MUNICIPAL TRUST;
VAN KAMPEN OHIO QUALITY MUNICIPAL TRUST;
VAN KAMPEN PENNSYLVANIA VALUE MUNICIPAL INCOME TRUST;
VAN KAMPEN SELECT SECTOR MUNICIPAL TRUST;
VAN KAMPEN SENIOR LOAN FUND;
VAN KAMPEN SENIOR INCOME TRUST;
VAN KAMPEN TRUST FOR INSURED MUNICIPALS;
VAN KAMPEN TRUST FOR INVESTMENT GRADE NEW JERSEY MUNICIPALS;
VAN KAMPEN TRUST FOR INVESTMENT GRADE NEW YORK MUNICIPALS;
VAN KAMPEN TRUST FOR INVESTMENT GRADE MUNICIPALS;
VAN KAMPEN DYNAMIC CREDIT OPPORTUNITIES FUND

The undersigned hereby certifies that, as of the date of this Certificate: (a) she is a duly elected Assistant Secretary of each of the above referenced Trusts (the Trusts), (b) she has custody and control of the Trusts seals and the Trusts records, including the minutes of meetings of said Trusts; and (c) the following resolutions were adopted on behalf of each Trust s respective investment companies (individually a Fund and collectively the Funds), agreed by the Board of Trustees/Directors and Managing General Partners of the Van Kampen Funds, at a meeting held on May 20, 2009, by a majority the Board, including a majority of the members of the Board who are not interested persons , said resolutions are in full force and effect and have not been modified, altered or superseded by any subsequent action. No action has been taken with reference to the matters referred to in said resolutions, except as therein reflected and said resolutions are the only resolutions adopted by the Board of Trustees/Directors and Managing General Partners of each of the respective Trusts with reference to the matters contained therein. Further, said resolutions are in conformity with the Declaration of Trust or Articles of Incorporation, as applicable, and the By-Laws of each of the Trusts.

Joint Directors and Officers Errors and Omissions Policy

RESOLVED, that the Trustees, including those Trustees who are not interested persons of each Fund within the meaning of the Investment Company Act hereby determine that, in accordance with Section 17(d) of the Investment Company Act and Rule 17d-1(d)(7) thereunder, each Fund s Participation in the Joint Directors and Officers Errors and Omissions Policy (Joint DO/EO Policy) with a commercial insurance group as discussed at the meeting for the one-year period commencing June 5, 2009 be, and it hereby is, deemed to be in the best interests of each respective Fund; and be it

FURTHER RESOLVED, that the Trustees, including those Trustees who are not interested persons of each Fund within the meaning of the Investment Company Act, hereby determine that, in accordance with Section 17(d) of the Investment Company Act and Rule 17d-1(d)(7) thereunder, the payment for each respective Fund of the premium for the Joint DO/EO Policy as set forth in the payment provision of the Joint DO/EO Policy Agreement (the Joint Policy Agreement) be, and it hereby is, deemed to be fair and reasonable to each respective Fund and its shareholders; and be it

FURTHER RESOLVED, that the officers of each respective Fund be, and they hereby are, authorized in the name and on behalf of such Fund to execute and deliver to each party to the proposed Joint DO/EO Policy and the Joint Policy Agreement, substantially in the same forms and content as previously submitted to the Trustees, with such changes therein as such officers, upon advice of counsel, shall determine to be necessary, appropriate or desirable, and such determination to be conclusively evidenced by the execution and delivery of the Joint DO/EO Policy and the Joint Policy Agreement.

Joint Fidelity Bond

RESOLVED, that the Trustees, including those Trustees who are not interested persons of each Fund within the meaning of the Investment Company Act, hereby determine that, in accordance with Section 17(g) of the Investment Company Act and Rule 17g-1 thereunder, each Fund s participation in the Joint Fidelity Bond (the Joint Fidelity Bond) with ICI

*

has not yet
commenced
investment
operations

Mutual in the amount of \$45 million in coverage for the one-year period commencing June 5, 2009 be, and it hereby is, deemed to be in the best interests of each respective Fund; and be it

FURTHER RESOLVED, that the Trustees, including those Trustees who are not interested persons of each Fund within the meaning of the Investment Company Act, have determined that, in accordance with Section 17(g) of the Investment Company Act and Rule 17g-1 thereunder, the payment for each respective Fund of the premium for the Joint Fidelity Bond as set forth in the payment provision of the Joint Fidelity Bond Agreement (the Joint Bond Agreement) be, and hereby is, deemed to be fair and reasonable to each respective Fund and its shareholders; and be it

FURTHER RESOLVED, that the Trustees, including those Trustees who are not interested persons of the Funds within the meaning of the Investment Company Act, hereby agree with the other insureds covered by the Joint Fidelity Bond that in the event recovery is received under the Joint Fidelity Bond as a result of a loss sustained by any of the Funds and one or more other named insureds, each respective Fund shall receive an equitable and proportionate share of the recovery, and in an amount at least equal to the amount which it would have received had it provided and maintained a single insured bond with the minimum amount of coverage required under Rule 17g-1 under the Investment Company Act; and be it

FURTHER RESOLVED, that the officers of each respective Fund be, and they hereby are, authorized in the name and on behalf of such Fund to execute and deliver to each party to the proposed Joint Fidelity Bond and Joint Bond Agreement, substantially in the same form and content as previously submitted to the Trustees, with such changes therein as such officers, upon advice of counsel, shall determine to be necessary, appropriate or desirable, and such determination to be conclusively evidenced by the execution and delivery of the Joint Fidelity Bond and Joint Bond Agreement; and be it

FURTHER RESOLVED, that the officers of each respective Fund be, and they hereby are, authorized in the name and on behalf of such Fund to make all filings with the Securities and Exchange Commission or other regulatory entities as required and give all notices on behalf of such Fund with respect to the Joint Fidelity Bond and the Joint Bond Agreement; and be it

FURTHER RESOLVED, that the officers of the Fund be and they hereby are authorized to obtain the letter of credit through Morgan Stanley's Equity Financing Services Group Department and in that regard to negotiate and enter into such agreements as they deem necessary or appropriate to obtain such letter of credit.

Broker Fee and Insurance Premium Allocations

RESOLVED, that the Trustees, including those Trustees who are not interested persons of each Fund within the meaning of the Investment Company Act hereby approve the payment of a broker fee for placement of the DO/EO policy among various insurance companies, the payment of which will be allocated 43.3% payable by the Funds and 56.7% payable by the Adviser; and

FURTHER RESOLVED, that the Trustees, including those Trustees who are not interested persons of each Fund within the meaning of the Investment Company Act, hereby determine that the premium allocation of 43.3% payable by the Funds and 56.7% payable by the Adviser for the \$100 million Joint DO/EO policy and the fidelity bond be, and it hereby is, deemed to be fair and reasonable to each respective Fund and its shareholders;

* has not yet commenced investment operations

Joint DO/EO Policy Excess Layer

RESOLVED, that the excess insurance layer in the amount of \$10 million, as discussed at this meeting, of the D&O/E&O Policy previously approved by the Board of Trustees/Directors and Managing General Partners of the Van Kampen Funds, be, and it hereby is, approved on behalf of the independent trustees and Mr. Whalen, with the premium for such excess layer to be borne by the Funds.

General Authorization

RESOLVED, that the officers of the Funds be, and each of them hereby is, authorized and directed, in the name and on behalf of each Fund, to take all actions to cause to be prepared and filed all other documents, to make all expenditures and to execute all instruments by them to be necessary or desirable in carrying out the purposes of the foregoing resolutions, including, without limitation, the employment or retention of all such counsel, accountants and experts as may be deemed advisable by them, and the taking of such actions, the execution and filing or delivery of such documents, and the performance of such acts by them shall be conclusive evidence of their approval thereof and the approval thereof and the authority therefor by and from each Fund.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as Assistant Secretary of each respective Trust this 29th day of July, 2009.

By: /s/ Elizabeth Nelson

Elizabeth Nelson
Assistant Secretary

* has not yet
commenced
investment
operations

**JOINT FIDELITY BOND
A G R E E M E N T**

AGREEMENT, dated as of June 5, 2003, by and between the parties as set forth in Schedule 1, attached hereto and incorporated by reference, Van Kampen Investment Advisory Corp., Van Kampen Asset Management Inc., Van Kampen Investments Inc., Van Kampen Investor Services Inc., Van Kampen Funds Inc., Van Kampen Advisors Inc., Van Kampen Exchange Corp., Morgan Stanley Investment Management Inc., Morgan Stanley Investments LP, Morgan Stanley Asset & Investment Trust Management Co., Ltd., Morgan Stanley Investment Management Co., and Morgan Stanley Investment Management Ltd.

In consideration of the mutual agreements set forth below, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The parties agree to obtain an Investment Companies Joint Fidelity Bond from an insurer or group of insurers, as required by the Securities and Exchange Commission (the Commission) pursuant to Rule 17g-1 (the Rule) under Section 17(g) of the Investment Company Act of 1940, as amended, in an amount equal to at least the sum of the minimum fidelity bonds required for each of them from time to time under the Rule.

2. The parties agree that each party shall pay that proportion of the total annual premium for such joint bond equal to the proportion that the gross assets of such party (with consideration to its individual series, if any) bear to the aggregate of the gross assets of the parties (with consideration to their individual series, if any) at the annual renewal of the joint fidelity bond.

3. The parties agree that any increase in the total premium of the joint fidelity bond shall be paid by the party or parties whose increase in gross assets has resulted in such premium increase.

4. The parties agree that if any recovery is received under such bond as a result of a loss sustained by each of the parties, each party shall receive an equitable and proportionate share of the recovery equal at least to the amount it would have received if it had maintained a separate fidelity bond in an amount equal to the minimum fidelity bond required for it from time to time under the Rule.

5. Each party shall file a copy of this Agreement and any amendment hereto with the Commission in accordance with the requirements of the Rule.

6. This Agreement shall supersede any prior agreement between the parties.

Disclaimer of Liability. Notwithstanding anything to the contrary contained in this Agreement, the parties hereto acknowledge and agree that this Agreement is executed by the Directors, Trustees and/or Officers of each entity by them not individually but as such Directors, Trustees and/or Officers of each entity, and the obligations hereunder are not binding upon any of the Directors, Trustees, Officers or Shareholders individually but bind only the estate of such entity.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by duly authorized officers as of the date first stated above.

ALL OF THE PARTIES SET FORTH IN SCHEDULE 1 ATTACHED HERETO

By: /s/ A. Thomas Smith III

A. Thomas Smith III
Vice President and Secretary

**VAN KAMPEN INVESTMENT ADVISORY
CORP.**

By: /s/ Stefanie Chang Yu

Stefanie Chang Yu
Secretary

VAN KAMPEN ASSET MANAGEMENT INC.

By: /s/ Stefanie Chang Yu

Stefanie Chang Yu
Secretary

VAN KAMPEN INVESTMENTS INC.

By: /s/ Stefanie Chang Yu

Stefanie Chang Yu
Secretary

VAN KAMPEN INVESTOR SERVICES INC.

By: /s/ Carsten Otto

Carsten Otto
Secretary

VAN KAMPEN FUNDS INC.

By: /s/ Stefanie Chang Yu

Stefanie Chang Yu
Secretary

VAN KAMPEN ADVISORS INC.

By: /s/ Stefanie Chang Yu

Stefanie Chang Yu
Secretary

VAN KAMPEN EXCHANGE CORP.

By: /s/ Stefanie Chang Yu

Stefanie Chang Yu
Secretary

Morgan Stanley Investment Management Inc.

By: /s/ Stefanie Chang Yu

Stefanie Chang Yu
Executive Director and Assistant Secretary

Morgan Stanley Investments LP

By: /s/ A. Thomas Smith III

A. Thomas Smith III
Managing Director and Assistant Secretary

Morgan Stanley Asset & Investment Trust Management Co., Ltd.

By: /s/ John R. Alkire

John R. Alkire
Representative Director, President

Morgan Stanley Investment Management Co.

By: /s/ Jeffrey Alam

Jeffrey Alam
Director

Morgan Stanley Investment Management Ltd.

By: /s/Robert Sargent

Robert Sargent
Managing Director

EXECUTED IN COUNTERPART.

SCHEDULE 1

1. **Van Kampen U.S. Government Trust**, on behalf of its series
Van Kampen U.S. Government Fund
2. **Van Kampen Tax Free Trust**, on behalf of its series
Van Kampen Insured Tax Free Income Fund
Van Kampen Strategic Municipal Income Fund
Van Kampen California Insured Tax Free Fund
Van Kampen Municipal Income Fund
Van Kampen Intermediate Term Municipal Income Fund
Van Kampen New York Tax Free Income Fund
Van Kampen California Municipal Income Fund
Van Kampen Michigan Tax Free Income Fund
Van Kampen Missouri Tax Free Income Fund
Van Kampen Ohio Tax Free Income Fund
3. **Van Kampen Trust**, on behalf of its series
Van Kampen Managed Short Term Income Fund
Van Kampen Core Plus Fixed Income Fund
Van Kampen Inflation-Linked Fixed Income Fund
4. **Van Kampen Equity Trust**, on behalf of its series
Van Kampen Utility Fund
Van Kampen Mid Cap Growth Fund
Van Kampen Small Cap Value Fund
Van Kampen Small Company Growth Fund
Van Kampen Select Growth Fund
Van Kampen Small Cap Growth Fund
Van Kampen Value Opportunities Fund
Van Kampen Leaders Fund
Van Kampen Asset Allocation Conservative Fund
Van Kampen Asset Allocation Moderate Fund
Van Kampen Asset Allocation Growth Fund
Van Kampen Core Equity Fund
Van Kampen Global Growth Fund
5. **Van Kampen Pennsylvania Tax Free Income Fund**
6. **Van Kampen Tax Free Money Fund**
7. **Van Kampen High Income Trust II**
8. **Van Kampen Senior Loan Fund**
9. **Van Kampen Senior Income Trust**
10. **Van Kampen Municipal Trust**

11. **Van Kampen Ohio Quality Municipal Trust**
12. **Van Kampen Trust For Insured Municipals**
13. **Van Kampen Trust For Investment Grade Municipals**
14. **Van Kampen Trust For Investment Grade New Jersey Municipals**
15. **Van Kampen Trust For Investment Grade New York Municipals**

16. **Van Kampen Municipal Opportunity Trust**
17. **Van Kampen California Value Municipal Income Trust**
18. **Van Kampen Massachusetts Value Municipal Income Trust**
19. **Van Kampen Pennsylvania Value Municipal Income Trust**
20. **Van Kampen Advantage Municipal Income Trust II**
21. **Van Kampen Select Sector Municipal Trust**
22. **Van Kampen Comstock Fund**
23. **Van Kampen Corporate Bond Fund**
24. **Van Kampen Enterprise Fund**
25. **Van Kampen Equity and Income Fund**
26. **Van Kampen Limited Duration Fund**
27. **Van Kampen Government Securities Fund**
28. **Van Kampen Growth and Income Fund**
29. **Van Kampen Harbor Fund**
30. **Van Kampen High Yield Fund**
31. **Van Kampen Life Investment Trust**, on behalf of its series
 - Mid Cap Growth Portfolio
 - Comstock Portfolio
 - Global Tactical Asset Allocation Portfolio
 - Capital Growth Portfolio
 - Government Portfolio
 - Growth and Income Portfolio
 - Money Market Portfolio
32. **Van Kampen Capital Growth Fund**
33. **Van Kampen Real Estate Securities Fund**
34. **Van Kampen Money Market Fund**
35. **Van Kampen Tax-Exempt Trust**, on behalf of its series
 - Van Kampen High Yield Municipal Fund

36. **Van Kampen Equity Trust II**, on behalf of its series
Van Kampen International Advantage Fund
Van Kampen Technology Fund
Van Kampen American Franchise Fund
Van Kampen International Growth Fund
Van Kampen Equity Premium Income Fund
37. **Van Kampen Series Fund, Inc.**, on behalf of its series
Van Kampen Emerging Markets Debt Fund

5

Van Kampen American Value Fund
Van Kampen Equity Growth Fund
Van Kampen Global Equity Allocation Fund
Van Kampen Global Value Equity Fund
Van Kampen Emerging Markets Fund
Van Kampen Growth & Income Fund II
Van Kampen Global Franchise Fund

38. **Van Kampen Bond Fund**
39. **Van Kampen Exchange Fund**
40. **Van Kampen Dynamic Credit Opportunities Fund**
41. **Van Kampen Retirement Series Trust**, on behalf of its series
Van Kampen 2050 Retirement Strategy Fund
Van Kampen 2045 Retirement Strategy Fund
Van Kampen 2040 Retirement Strategy Fund
Van Kampen 2035 Retirement Strategy Fund
Van Kampen 2030 Retirement Strategy Fund
Van Kampen 2025 Retirement Strategy Fund
Van Kampen 2020 Retirement Strategy Fund
Van Kampen 2015 Retirement Strategy Fund
Van Kampen 2010 Retirement Strategy Fund
Van Kampen In Retirement Strategy Fund
42. **Van Kampen Partners Trust**, on behalf of its series
Van Kampen O Shaughnessy Large Cap Growth Fund
Van Kampen O Shaughnessy All Cap Core Fund
Van Kampen O Shaughnessy Enhanced Dividend Fund
Van Kampen O Shaughnessy Small / Mid Cap Growth Fund
Van Kampen O Shaughnessy Global Fund
Van Kampen O Shaughnessy International Fund
43. **Van Kampen Trust II**, on behalf of its series
Van Kampen Global Tactical Asset Allocation Fund
Van Kampen Global Bond Fund

REVIEW OF FIDELITY BOND COVERAGE

June 30, 2009

INVESTMENT COMPANY	GROSS ASSETS PORTFOLIO (in mils)	GROSS ASSETS REGISTRANT (in mils)	MINIMUM COVERAGE REQUIRED
VAN KAMPEN FUNDS			
Van Kampen U.S. Government Trust		1,174.3	1,000,000
US Mortgage Fund	1,174.3		
Van Kampen Tax Free Trust		3,019.30	1,900,000
California Insured Tax Free Fund	179.8		
California Municipal Income Fund*	0.0		
Insured Tax Free Income Fund	849.7		
Intermediate Term Muni Income Fund	236.5		
Municipal Income Fund	638.3		
New York Tax Free Income Fund	97.7		
Strategic Municipal Income Fund	1,017.3		
Van Kampen Trust		339.7	600,000
Core Plus Fixed Income Fund	339.7		
Managed Short Term Income Fund	0.0		
Inflation-Linked Fixed Income Fund	0.0		
Van Kampen Trust II		48.0	300,000
Global Bond Fund	25.4		
Global Tactical Asset Allocation Fund	22.6		
Van Kampen Equity Trust		3,683.2	2,100,000
Asset Allocation Conservative Fund	103.6		
Asset Allocation Moderate Fund	193.0		
Asset Allocation Growth Fund	124.9		
Core Equity Fund	34.7		
Global Growth Fund	5.6		
Leaders Fund	193.7		
Mid Cap Growth Fund	1,483.5		
Small Cap Growth Fund	751.1		
Small Company Growth Fund*	0.0		
Small Cap Value Fund	477.7		
Utility Fund	207.5		
Value Opportunities Fund	107.9		
Van Kampen Equity Trust II		1,420.5	1,000,000
American Franchise Fund	229.2		
Core Growth Fund	4.4		
Equity Premium Income Fund	200.6		
International Advantage Fund	64.4		
International Growth Fund	803.2		
Technology Fund	118.7		
Van Kampen Series Fund, Inc.		2,504.5	1,700,000
American Value Fund	478.4		

Edgar Filing: Patient Safety Technologies, Inc - Form POS AM

Emerging Markets Debt Fund*	0.0		
Emerging Markets Fund	312.7		
Equity Growth Fund	278.0		
Global Equity Allocation Fund	198.2		
Global Franchise Fund	1,068.9		
Global Value Equity Fund	168.3		
Growth and Income Fund II*	0.0		
Japanese Equity Fund*	0.0		
Van Kampen Life Investment Trust		4,297.8	2,300,000
LIT Mid Cap Growth Portfolio	33.0		
LIT Comstock Portfolio	2,228.8		
LIT Capital Growth Portfolio	147.7		
LIT- Global Tactical Asset Allocation Portfolio	49.9		
LIT Government Portfolio	399.5		
LIT Growth and Income Portfolio	1,369.4		
LIT Money Market Portfolio	69.5		
Van Kampen Tax-Exempt Trust		4,002.3	2,300,000
High Yield Municipal Fund	4,002.3		
Van Kampen Retirement Strategy Trust		29.6	250,000
2050 Retirement Strategy Fund	0.9		
2045 Retirement Strategy Fund	0.9		
2040 Retirement Strategy Fund	1.2		
2035 Retirement Strategy Fund	1.8		
2030 Retirement Strategy Fund	3.3		
2025 Retirement Strategy Fund	4.1		
2020 Retirement Strategy Fund	4.4		
2015 Retirement Strategy Fund	5.8		
2010 Retirement Strategy Fund	3.6		
In Retirement Strategy Fund	3.6		

REVIEW OF FIDELITY BOND COVERAGE

June 30, 2009

INVESTMENT COMPANY	GROSS ASSETS PORTFOLIO (in mils)	GROSS ASSETS REGISTRANT (in mils)	MINIMUM COVERAGE REQUIRED
Van Kampen Partners Trust		12.7	175,000
All Cap Core Fund	1.3		
Enhanced Dividend Fund	1.5		
Global Fund	3.5		
International Fund	3.7		
Large Cap Core Fund	1.3		
Small/Mid Cap Growth Fund	1.4		
Comstock Fund		7,395.3	2,500,000
Corporate Bond Fund		769.4	900,000
Enterprise Fund		700.4	750,000
Equity and Income Fund		10,914.3	2,500,000
Exchange Fund		56.1	350,000
Government Securities Fund		1,295.1	1,000,000
Growth & Income Fund		5,216.7	2,500,000
Harbor Fund		246.6	525,000
High Yield Fund		461.0	600,000
Limited Duration		121.9	450,000
Capital Growth Fund (FKA Pace Fund)		2,940.5	1,700,000
Pennsylvania Tax Free Income Fund		142.4	450,000
Real Estate Securities Fund		260.6	600,000
Money Market Fund (FKA Reserve Fund)		798.0	900,000
Tax Free Money Fund		30.3	250,000
Advantage Municipal Income Trust II (VKI)		882.2	900,000
Bond Fund		205.6	525,000
California Value Municipal Income Trust (VCV)		380.1	600,000
Debt Opportunity Fund		0.0	50,000
Dynamic Credit Opportunities Fund (VTA)		1,050.1	1,000,000
High Income Trust II (VLT)		82.0	400,000
Massachusetts Value Municipal Income Trust (VMV)		50.3	350,000
Municipal Opportunity High Income Fund		0.0	50,000
Municipal Opportunity Trust (VMO)		739.1	750,000
Municipal Trust (VKQ)		705.7	750,000
Ohio Quality Municipal Trust (VOQ)		130.1	450,000
Pennsylvania Value Municipal Income Trust (VPV)		477.0	600,000
Select Sector Municipal Trust (VKL)		256.0	600,000
Senior Loan Fund		1,159.7	1,000,000
Senior Income Trust (VVR)		1,132.8	1,000,000
Trust for Insured Municipals (VIM)		205.5	525,000
Trust for Investment Grade Municipals (VGM)		1,201.8	1,000,000
Trust for Investment Grade New Jersey Municipals (VTJ)		152.9	525,000
		346.9	600,000

**Trust for Investment Grade New York Municipals
(VTN)**

COMBINED TOTAL	61,038.3	41,275,000
----------------	-----------------	-------------------

* Funds have not
yet commenced
Investment
Operations.

(CURRENT AMOUNT OF FIDELITY BOND IN EFFECT IS \$45 MILLION)