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ARKANSAS SECURITIES DEPARTMENT

August 22, 2000

R. Ray Fulmer, II
Ledbetter, Cogbill, Arnold & Harrison, LLP
622 Parker Avenue
PO Box 185
Fort Smith, Arkansas 72902-0185

Re: F. O. Advertising, Inc.
No. 00-007

Dear Mr. Fulmer:

The Department has received your letter, dated August 9, 2000, regarding the sale of forty percent (40%) of the F. O. Advertising, Inc. (the "Company") by Fred Williams (the "Seller"). The Seller currently owns one hundred percent (100%) of the issued and outstanding stock of the Company. The potential purchasers of the stock are two key employees of the Company who will each purchase twenty percent (20%). In your letter, you request that the Department clarify that the exemption from registration provided for in Rule 504.01(A)(12)(i) of the Rules of the Arkansas Securities Commissioner (the "Rules") would still be available in light of the fact that the sole shareholder is the seller of the stock, not the Company. A brief summary of the facts surrounding this transaction, as more fully described in your letter, is set forth below.

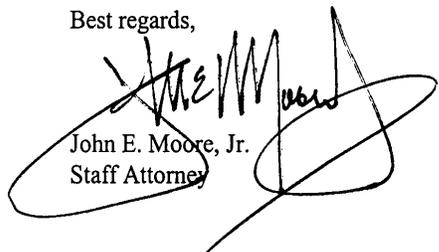
The terms of the transaction as described in your letter appear to meet the requirements of the exemption provided for in Rule 504.01(A)(12)(i). The Seller is the currently the sole shareholder of the Company and therefore it appears that the Seller would be considered an issuer for the purpose of this exemption. The proposed transaction complies with the requirements set forth in the exemption as follows:

1. No commission or other remuneration has been or will be paid or given directly or indirectly to any person for the sale of the securities;
2. The securities will only be offered and sold to two key employees, which after the consummation of this sale will result in a total of three shareholders. Both of the shareholders would be purchasing with investment intent;
3. The purchasers will be provided with access to information concerning the Company prior to consummation of the sale; and
4. The current outstanding stock held by the Seller was received in a transaction qualified under §23-42-501 of the Arkansas Securities Act.

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Based upon the representations and opinions expressed in your letter, it is the Department's opinion that the sale of stock in the above described transaction would qualify for the exemption provided for in Rule 504.01(A)(12)(i). Please be advised the opinions set forth herein are restricted to the transaction described and have no precedential value whatsoever. Different facts and circumstances may, and often will, affect the outcome of a determination by the Department.

Best regards,



John E. Moore, Jr.
Staff Attorney