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ARKANSAS SECURITIES DEPARTMENT

April 25, 2001

Mr. Budge Collins, President
Collins/Bay Island securities LLC
840 Newport Center Drive
Newport Beach, California 92660

RE: Collins Bay Island Securities Broker-dealer Exemption
No Action # 01 - 002

Dear Mr. Collins:

The Arkansas Securities Department is in receipt of your request, on behalf of Collins/Bay Island Securities LLC ("Collins" or "Company"), that the Arkansas Securities Department ("Department") issue a no-action letter, determining that Collins is exempt from registration in Arkansas as a Broker-dealer as defined and provided for by the Arkansas Securities Act (the "Act"). The Department declines to issue such an opinion.

You have represented in correspondence to the Department the following facts:

Collins was granted registration as a broker or dealer pursuant to Section 15 (b) of the Securities Exchange Act of 1934 effective February 22, 2001. In addition, Collins obtained membership to the National Association of securities dealers ("NASD") effective February 22, 2001 and registration in the State of California where it is domiciled effective February 23, 2001.

Collins sole office is located in the State of California where it is duly registered. It does not have a place of business in the State of Arkansas and it is in the business of representing "Issuers," for the purpose of soliciting investment moneys for private placements exclusively from institutional investors. The scope of Collins' solicitation, offer and sale of securities encompasses entities, which to the best of our knowledge, are covered by the term "other financial institutions or institutional buyers," as stated in the citation above.

Collins represents that its solicitation in Arkansas will be limited to foundations and university endowments with minimum assets of \$100,000,000. Collins lists representative Arkansas domiciled organizations and offers the position that such entities typically have professional portfolio managers so that they qualify as institutional buyers.

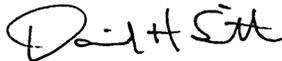
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Based upon the representations contained in your letter, the Department declines to take a no-action position regarding your request. We are unwilling to categorically declare that foundations and university endowments with large sums of money or assets under management are per se institutional buyers. Any such position requested in the past concerning recognition of a special designation of institutional buyer has come to us through a request by a specific purchaser or buyer, not a solicitor broker-dealer.

Please note that the position of this Department is based solely upon the representations made to us in your letters and applies only to the transactions identified herein. Different facts or circumstances might, and often would, require a different response. The position expressed deals only with anticipated enforcement action by this Department and does not purport to be a legal opinion.

In making your request you enclosed a check in the amount of \$200 with your letter. The Department does not charge a fee for no-action letters or requests thereof. Please find enclosed your check number 1057 in the amount of \$200. Any questions concerning this matter may be directed to the undersigned.

Very truly yours,



DAVID H. SMITH
Staff Attorney

Enclosure