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## ARKANSAS SECURITIES DEPARTMENT

September 16, 2004

Mr. Archie Guevarra  
Collins/Bay Island Securities LLC  
840 Newport Center Drive  
Newport Beach, California 92660

RE: Collins Bay Island Securities Broker-dealer Exemption  
No-Action Opinion #04-90000324-NA007

Dear Mr. Guevarra:

The Department is in receipt of a request by 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 by the Arkansas Securities Act (the "Act").

Your Company made a similar request in 2001 and the Department declined to issue a no-action opinion based on the representations made in your April 18, 2001 request. Your earlier request represented that solicitations in Arkansas would be limited to foundations and university endowments with minimum assets of \$100,000,000. The Department was unwilling to categorically declare that foundations and university endowments with large quantities of assets are per se institutional buyers. We further stated that historically requests to recognize a particular entity as an institutional buyer came from the entity, not from a business that intended to solicit a class of such entities. The Department stands by our April 25, 2001 letter declining to issue an opinion allowing your company to solicit business from foundations and universities.

The new request for a no-action opinion states that Collins does not intend to conduct transactions defined as "sale or sell," or "offer or offer to sell" with any other entities other than those listed. The list does not include foundations and universities with large quantities of assets. Collins' new request for a no-action opinion states that Collins' business is limited to transactions exclusively between issuers and institutional investors.

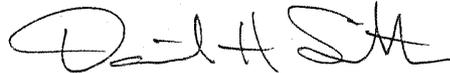
Section 23-42-102 (2) states in part that Broker-dealer does not include a person who has no place of business in Arkansas if he effects transactions in this state exclusively with or through institutional buyers. The most recent representations by Collins appear to fit within this statutory exclusion. As such, the Department will not take regulatory action if Collins proceeds to conduct business in this state that is

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consistent with representations made in your letters to the Department and with this response.

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.

Very truly yours,

A handwritten signature in black ink, appearing to read "D-H Smith". The signature is fluid and cursive, with the first name "D" being a large, stylized letter.

David H. Smith  
Staff Attorney