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ARKANSAS SECURITIES DEPT.

January 10, 2008

Securities Department
201 East Markham, Suite 300
Little Rock, Arkansas 72201-1692

RE: Request for advice regarding exemption from registration of an SEC Rule 701 Stock Compensation Plan.

Dear Sir or Madam:

I represent Silver Oak Securities, Inc. ("SOSI"), a FINRA registered Broker-Dealer, which does business and has Registered Representatives in your State.

In compliance with SEC Rule 701, the Board of Directors of SOSI adopted an SEC Rule 701 Stock Compensation Plan ("SCP") and provided for a Compensation Committee ("Committee") which manages the SCP. The SCP is intended to be a compensatory benefit plan for Registered Representatives who work with and are independent contractors for SOSI. The SCP provides that the Committee may make awards by the use of "Award Letters" but not by transferring stock certificates. The Award Letters create potential ownership interests in a pool of restricted shares set aside by SOSI for the SCP. Recipients of Award Letters make no investment in SOSI. The issuance of Award Letters by the SCP does not involve raising any funds for SOSI or sales of SOSI shares.

The SCP is more restrictive than SEC Rule 701 requires. For example, the SCP requires that all restricted shares allocated to the SCP must remain in the control and physical possession of the Committee and no physical delivery of a stock certificate is permitted. Additionally, SOSI shares set aside under the SCP may **never** be sold pursuant to SEC Rule 144 or other exemptive rule or regulation. The Award Letters specify that the ownership, but not possession, interests in the restricted shares vest only upon the expiration of four (4) years, at the rate of twenty-five percent (25%) per year of employment. The only method for ultimate sale of the SCP restricted shares would be by a Registration Statement filed by SOSI with the SEC for the purposes of registering shares allocated to the SCP. Therefore, the SCP prevents a recipient of an Award Letter from ever being able to physically possess, sell, pledge or liquidate shares awarded under the SCP, unless a Registration Statement is in effect at the SEC. There can be absolutely no "leakage" of awarded shares from the SCP. Recipients of Award Letters will simultaneously receive a copy of the SCP, an explanation of the restrictions and limitations and lack of marketability of the underlying shares and SOSI's then most current disclosures in a Private Placement Memorandum including discussions of Risk Factors, Management's Discussion and Analysis of Financial Condition and Operations along with disclosures regarding the Business and audited, plus unaudited "stub" period, financials.

Issuance of the Award Letters is not related to any offering of securities to the public or capital raising activities. Recipients of the Award Letters do not make any payment to SOSI or the Committee for their interests in the pool of shares allocated to the SCP and do not make any investment in SOSI. The Committee periodically meets to award interests in the SCP to Registered Representatives, consultants, independent contractors and other persons who have employment or consulting relationships with SOSI. The Committee, the Board of Directors and the principal shareholders have approved the SCP. The Committee has adopted specific criteria for issuance of Award Letters pursuant to the SCP.

I have reviewed your State's Statutes and Rules available on your website and made a preliminary determination that the sending of Award Letters by the Committee to Awardees under the SCP is exempt from the registration and reporting provisions of your State's securities acts.

Would you please review this letter and advise me if the mailing of Award Letters to Registered Representatives who reside in your State and work or consult for SOSI would comply with the exempt transactions or exempt securities provisions of your State's securities laws or with any other available exemptions and advise me of your opinion. SOSI will make a "notice" or other filing and pay any required fee if such SEC Rule 701 Award Letters are not within the exempt transactions or exempt securities provisions of your State's securities laws.

Should you need additional information, I will supply the SCP and SOSI's audited financials or make additional responses. My mobile phone number is 901-485-7755.

Trusting this adequately raises the relevant questions, I appreciate your time and reply.

Sincerely,

Mike

cc: Messrs. Hopkins & Allen, Silver Oak Securities, Incorporated.

MIKE BEEBE
GOVERNOR

A. HEATH ABSHURE
COMMISSIONER

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ARKANSAS SECURITIES DEPARTMENT

February 6, 2008

VIA REGULAR MAIL

Mike Roberts
Lawyer
707 Adams Avenue
Pillow – McIntyre House
Memphis, Tennessee 38105

RE: Silver Oak Securities, Inc.
No Action No. 90000380

Dear Mr. Roberts:

The Arkansas Securities Department ("Department") acknowledges receipt of your correspondence dated January 10, 2008 wherein you request advice regarding exemption from registration of a SEC Rule 701 Stock Compensation Plan. Under SEC Rule 701, private companies are allowed to sell securities to their employees without the need to file a registration statement under certain guidelines.

Your client, Silver Oak Securities, Inc. ("SOSI") is a registered broker-dealer and has registered representatives in the State of Arkansas. SOSI has adopted a Stock Compensation Plan ("SCP") with a Compensation Committee ("Committee"). The program grants "Award Letters" to registered representatives and independent contractors of SOSI as a compensatory benefit plan.

In your correspondence, you represent to the Department the following:

1. The SCP is a compensatory benefit plan for SOSI employees. It is not part of an offering of securities to the public or being used to raise capital.
2. Award Letters create potential ownership interests in a pool of restricted shares set aside by SOSI for the SCP.
3. All restricted shares of the SCP must remain in the control and physical possession of the Committee. The SOSI shares awarded may never be sold pursuant to SEC Rule 144 or other exemptive rule or regulation.
4. Ownership, but not possession, interests in the restricted shares vest only upon the expiration of four (4) years, at the rate of twenty-five percent (25%) per year of employment.

5. SCP prevents a recipient of an Award Letter from ever being able to physically possess, sell, pledge or liquidate shares awarded under the SCP, unless a Registration Statement is in effect at the SEC.

It is the understanding of the Department that this is a compensatory benefit plan for employees of SOSI. The offering is not related to any public offering of the raising of capital for any venture. The only method for ultimate sale of the SCP restricted shares would be by a Registration Statement filed by SOSI with the SEC for the purposes of registering shares allocated to the SCP.

Through Order No. 00-042-S, *In the Matter of Exemption for Offers and Sales of Securities Pursuant to Certain Compensatory Benefit Plans* (attached), the Department has exempted the offer and sale of securities under a written compensatory benefit plan or contract that is exempt from registration under Rule 701 under the Securities Act of 1933. *See also* Ark. Code Ann. § 23-42-503 (a) (9). There is no exemption for securities from the antifraud provisions of the Act.

Based upon the representations contained in your letter and the understandings of the Department expressed herein, the Staff will recommend that the Commissioner take no action to enforce the registration provisions of Ark. Code Ann. § 23-42-501 with regard to SOSI's SCP as long as SOSI's SCP is exempt from registration under Rule 701 of the Securities Act of 1933.

It is important to note that the position of the Department is based solely upon the representations made in your letter, the transactions described therein, and the understandings of the Department expressed herein. Different facts or circumstances might, and often would, require a different response. The position expressed deals only with anticipated enforcement action by the Department and does not purport to be a legal opinion.

Sincerely,

Alexandra N. Stephens
Staff Attorney