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GOVERNOR

A. HEATH ABSHURE
COMMISSIONER



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ARKANSAS SECURITIES DEPARTMENT

June 19, 2012

Ms. Robyn Allmendinger
Rose Law Firm
120 East Fourth Street
Little Rock, AR 72201

Re: Connect Arkansas Inc.
No Action 12-NA-0003

Dear Ms. Allmendinger:

The Arkansas Securities Department ("Department") has received your letter dated April 26, 2012, ("Request") regarding Connect Arkansas Inc. ("Connect"). The Request seeks confirmation that the Staff of the Department ("Staff") will not recommend that the Arkansas Securities Commissioner take enforcement action against Connect for violations of the Arkansas Securities Act ("Act"), with respect to the proposed transactions described in the Request. I have attached a copy of the Request to avoid reciting or summarizing the facts that you have presented.

Based upon the opinions and representations set forth in the Request, the Staff will not recommend enforcement action under Ark. Code Ann. § 23-42-301 should the transactions proposed take place as set forth in the Request.

Please note that the Staff's position is based solely upon the representations in the Request and applies only to the transactions and facts as represented. Different facts or circumstances might, and often would, require a different response. The Staff only expresses its position as to the recommendation of formal enforcement action and does not purport to be a legal opinion or formal conclusion. Further, the Staff only expresses its position regarding the role of Connect and does not extend the no action position to the individual issuers participating on the website.

A possible alternative for the individual issuers and Connect may be found under the newly enacted Jumpstart Our Business Startups Act, Pub. L. No. 112-106, 126 Stat. 306 ("JOBS Act"). Upon adoption of the final rules under Title II of the JOBS Act, the broker-dealer exception created by Congress at Section 201(c) may be applicable to Connect if the issuers are engaged in offerings under Rule 506 of Regulation D. Under this provision of the JOBS Act, Connect would not be subject to registration as a broker or dealer solely because it maintains a platform that permits general solicitations, advertisements, or similar or related activities by issuers if Connect satisfies the requirements found therein.

Connect Arkansas Inc.

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We also direct your attention to the anti-fraud provisions of the Act and Rules of the Arkansas Securities Commissioner ("Rules") that remain applicable to all transactions. Responsibility for compliance with the Act and Rules rests with Connect and the other participants in the transactions described in the Request.

If you should have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Kaycee Wolf". The signature is written in a cursive style with a large, looping "W" at the end.

Kaycee Wolf
Staff Attorney

Enclosure

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A PROFESSIONAL ASSOCIATION

ATTORNEYS

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April 26, 2012

VIA HAND DELIVERY

A. Heath Abshire, Commissioner
Arkansas Securities Department
Heritage West Building
201 E. Markham, Suite 300
Little Rock, Arkansas 72201

RECEIVED
12 APR 26 PM 12:08
ARKANSAS SECURITIES DEPT.

Re: Request for No-Action Letter Regarding
Proposed Activities of Connect Arkansas Inc.

Dear Commissioner Abshire:

This firm represents Arkansas Capital Corporation, an Arkansas non-profit corporation, and its subsidiary Connect Arkansas Inc., an Arkansas non-profit corporation (the "Company"). On behalf of the Company, we are writing to request that the Arkansas Securities Department (the "Department") not commence an enforcement action under the Arkansas Securities Act, as amended, codified at Ark. Code Ann. § 23-42-101 *et seq.* (the "Arkansas Act"), against the Company if the Company operates a program through its Internet project Arkansas SourceLink (www.arsourcelink.com) in the manner described below without the Company registering as a broker-dealer, agent, or investment adviser, or the officers, directors, and employees of the Company registering as agents or investment adviser representatives.

The Arkansas SourceLink website, www.arsourcelink.com (the "Website"), is a project of the Company. The Website contains many resources to assist entrepreneurs in getting their businesses started. Currently, the Website contains four major resource components:

- 1) the resource navigator, which matches entrepreneurs with service providers and vendors in their area that meet specified needs through a matching database;
- 2) the digital learning center, which contains a multitude of resources, including videos from professors at various universities, on a range of topics such as writing a business plan, sales and marketing, social media, and business communications;
- 3) a calendar of classes and events in Arkansas and surrounding areas on topics of interest to entrepreneurs and start-up companies; and
- 4) government resources, which navigates to the business services page of the www.arkansas.gov website.

Two additional components are planned for the Website: 1) a mentorship matching site, pairing persons who have agreed to mentor entrepreneurs with those desiring a mentor and 2) a site that allows entrepreneurs to post videos regarding their businesses that would be available for viewing by the public (the "Video Program"). This Video Program component is the subject of this request for no action. The proposed Video Program and the activities of the Company in connection therewith are further described below.

The Video Program would allow entrepreneurs and start-up companies (hereinafter "Entrepreneurs") to post brief videos on the Website. The Company will assist in the production of the videos and will charge the Entrepreneurs its cost for production of the videos, but will not otherwise be generating any profits from the Website. The Company will not advise Entrepreneurs on the content of their videos, but may give advice on the quality/creative aspects of the videos. These videos would give summary information about the Entrepreneur's business and its business plan and would inform viewers how to obtain additional information about the Entrepreneur. The Entrepreneurs would not be allowed to solicit capital or other assistance or in any way indicate that they were seeking investments in the videos. The Video Program component of the Website would contain disclaimers to the effect that the video is not, and should not be construed as, an offer or solicitation for the sale of securities and will require users of the Website to represent that they are accredited investors and residents of Arkansas through some type of "check the box" acknowledgment or pop-up screen, before being allowed to view the videos.

No fee would be paid by the Entrepreneurs or otherwise received by the Company, its officers, directors, or employees, or any other party for placement of a video on the Website. The Company would not make introductions between the Entrepreneur and potential investors. The Company would not broker any deal between the Entrepreneur and a potential investor. The Company would not be involved in effecting any transaction between the Entrepreneur and an investor. Other than the resources available on the Website, the Company would not give advice to the Entrepreneurs on available exemptions for securities offerings or any leads or other information on potential investors. Other than the Video Program being available on the Website, the Company would not have any direct communications with potential investors or others viewing the videos, including no advice or recommendations regarding the Entrepreneurs or their businesses. After allowing an Entrepreneur to post a video, the Company would have no further involvement in any future transactions or relationships between the Entrepreneur and third parties.

Although the Company will not allow the videos to contain any express solicitation of an investment, each Entrepreneur will be required to provide the Company with evidence of its exemption from registration under the Securities Act of 1934 and the Arkansas Act, such as an opinion from the Entrepreneur's attorney, filings with the Department, filings with the SEC, or other evidence satisfactory to the Company that the Entrepreneur is entitled to an exemption from registration. The Company will not be engaged in assisting the Entrepreneur in determining whether an exemption is available under federal or state securities laws. However, the Company expects that most Entrepreneurs, to the extent they are in fact offering securities, will fit within a Rule 506 offering or the new crowdfunding provisions of the recently passed

JOBS Act. As you are aware, the prohibition on general solicitation or general advertising under a Rule 506 offering has been removed, so long as all purchasers are accredited investors.

ACC and its subsidiaries, including the Company, were created to provide state-wide support for Arkansas-based businesses. ACC and the Company desire to implement the Video Program as a platform for Arkansas entrepreneurs to have the opportunity to share their business ideas with a larger market.

Based on the foregoing and as discussed in more detail below, we do not believe the Company's actions described above in operating and maintaining the Video Program on its Website would be in violation of the Arkansas Act and the regulations promulgated thereunder. Specifically, we do not believe the Company's actions described above would require the Company to register as a broker-dealer, agent, or investment adviser, or the officers, directors, or employees of the Company as an agent or investment adviser representative.

Broker-Dealer/Agent Registration

The Company should not be required to register as a broker-dealer under Ark. Code Ann. § 23-42-301. The activities of the Company as described above do not fit within the definition of a broker-dealer under Ark. Code Ann. § 23-402-102(2), as the Company will not be "engaged in the business of effecting transactions in securities for the account of others or for his or her own account." Similarly, neither the Company, nor its officers, directors, and employees should be required to register as agents under Ark. Code Ann. § 23-42-301(a) on the basis that none of these parties will be "effecting or attempting to effect purchases or sales of securities" and therefore will not come within the definition of "agent" in Ark. Code Ann. § 23-42-102(1)(A). As explained above, the Company's activities will be limited to the posting of videos, and neither the Company nor its officers, directors, or employees will be involved in any securities transactions between the Entrepreneurs and third parties.

Investment Adviser/Investment Adviser Representative Registration

The Company should not be required to register as an investment adviser under Ark. Code Ann. § 23-42-301(c) because the activities of the Company as described above do not include being a person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation, issues or promulgates analyses or reports concerning securities. The Company will in no way advise potential investors or other parties regarding the Entrepreneurs and their businesses or the advisability of investing in such businesses, and the Company will not issue any reports or other analyses of the Entrepreneurs or their businesses. In fact, the Company will have a disclaimer on the Video Program component of its Website that it makes no recommendations regarding the Entrepreneurs, their businesses, or the videos themselves, and the existence of the videos on its Website should not be construed as any type of recommendation by the Company or the advisability of investing in such business. Therefore, the Company does not come within the definition of "investment adviser" in Ark. Code Ann. § 23-42-102(8).

Similarly, because the Company itself does not come within the definition of an investment adviser under the Act, the officers, directors, and employees of the Company do not come within the meaning of "representative" of an investment adviser, as defined in Ark. Code Ann. § 23-42-102(12), and thus, they should not be required to register as such.

We respectfully request that, in reliance upon the representations set forth herein, the Commissioner issue a no action letter advising that the Department will not commence enforcement action against the Company under the Act based on the proposed activities of the Company as described herein in connection with the Video Program if the Company does not register as a broker-dealer, agent, or investment adviser, and if the Company's officers, directors, and employees do not register as agents or investment adviser representatives under the Act.

We request that a file-marked copy of this letter be returned to our office in the postage prepaid envelope which we have provided. Please do not hesitate to contact us if you have any questions or require additional information.

Very truly yours,



Robyn P. Allmendinger

RPA:nr