STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF GUS BLASS, III	ORDER PROVIDING A TRANSACTIONAL EXEMPTION FROM REGISTRATION PURSUANT TO ARK. CODE ANN. § 23-42-504(a)(8) NO. 00-048-S

FINDINGS OF FACT

1. On September 6, 2000, Gus Blass, III (the "Petitioner") submitted a petition pursuant to Ark. Code Ann. Section 23-42-504(a)(8).

2. Petitioner has represented to the Commissioner that:

   (a) He has extensive knowledge, experience and background in buying and selling securities for his own account and for related entities;

   (b) He has a net worth in excess of one million dollars and annual earnings in excess of $250,000;

   (c) He is one of the General Partners of a partnership with assets over six million dollars and a net worth of six million dollars;

   (d) He maintains securities trading accounts with several brokerage firms, including Stephens, Inc., Lieblong & Associates, A.G. Edwards & Sons, Inc., and Prudential Securities;

   (e) He possesses the requisite educational background and current knowledge of finance and investment to be able to evaluate the suitability of various securities transactions for his own account.

3. The Commissioner has entered orders for the last several years pursuant to Section 23-42-504(a)(8) of the Arkansas Securities Act (the "Act") in which the Petitioner has been deemed to be an institutional buyer for a period of one year.

CONCLUSIONS OF LAW

1. Section 23-42-504(a)(8) of the Act provides that the Commissioner may by order, upon petition by any person, determine if the Petitioner may be deemed upon the basis of knowledge, experience, volume and number of transactions, and other securities background, an "institutional buyer" for purposes of providing a transactional exemption from the registration provisions of the Act.

2. Section 23-42-504(b) of the Act provides that no order may be entered unless the Commissioner finds that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act.

OPINION

Section 23-42-504(a)(8) of the Act does not give the Commissioner unlimited discretion to confer "institutional buyer" status on an individual indefinitely. The facts upon which such orders are based are subject to change. Accordingly, any order issued pursuant to Section 23-42-504(a)(8) should be narrowly drawn, either in terms of the specific transactions it is intended to cover or in terms of its period of effectiveness.

In this instance, the scope of the exemption cannot be limited to specific transactions since they are not identifiable at this time. Thus, the availability of the exemption should be limited to a specific term.

In determining whether it is reasonable to grant a discretionary exemption under Section 23-42-504(a)(8) for a period of one year, as requested by the Petitioner, the Commissioner must

consider the weight of the facts on which the exemption is based against the probability that those facts will remain constant throughout the term of the exemption.

In this case, the representations of the Petitioner demonstrate that the Petitioner has substantial assets over which he regularly makes disposition and that he possesses considerable knowledge, experience and background in finance and investments. It appears unlikely that such assets will be dissipated or investor sophistication diminished during a twelve-month period.

Furthermore, granting the Petitioner's request is consistent with the policy and purposed of the Act in that it does not compromise investor protection. It is not necessary in the public interest to require registration of those securities transactions between the Petitioner and issuers whose securities are not otherwise registered or exempt in Arkansas since the Petitioner, who has demonstrated that he does not need the protections usually afforded by the securities laws, is the only Arkansas investor to whom such offers and sales may be made in reliance on this order.

Accordingly, the Commissioner may reasonably exercise the discretion provided for under Section 23-42-504(a)(8) to grant the Petitioner's request for an exemption order for one year from October 1, 2000, through September 30, 2001.

ORDER

IT IS THEREFORE ORDERED that the Petitioner's request dated September 1, 2000, that he be deemed to be an institutional buyer under Section 23-42-504(a)(8) of the Act is hereby granted, effective October 1, 2000, for a period of one year from that date.

WITNESS MY HAND AND SEAL this 6th day of September 2000.

MAC DODSON
SECURITIES COMMISSIONER