STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF

CREWS AND ASSOCIATES, INC.

ORDER GRANTING EXEMPTION FROM RULE 308.01(F) of the Rules of the Arkansas Securities Commissioner

ORDER NO. 04- 90000327-NA010

FINDINGS OF FACT

1. On August 12, 2004, pursuant to petition, the Arkansas Securities Commissioner ("Commissioner") entered Order No. 04-90000323-NA006 granting to Crews and Associates, Inc. ("Crews") an exemption from the provisions of Rule 308.01(F) of the Rules of the Arkansas Securities Commissioner. Such Order, by its terms, expired on December 31, 2004.

2. On or about December 21, 2004, Crews again petitioned the Commissioner for an Order exempting it from the provisions of Rule 308.01(F) of the Rules of the Arkansas Securities Commissioner.

3. In its letter petitioning for the exemption, Crews represents that allowing it to bid on the purchase of bonds for school districts for which it acts as fiscal agent will have the effect of increasing the number of bidders and competition for the purchase of such bonds. Increased competition translates to lower interest rates for school districts offering such bonds.

4. Crews represents that no unfair competitive advantage will accrue to it on account of allowing it to bid on the purchase of such bonds when it serves as fiscal agent to the school district offering the bonds.

5. It is in the best interest of the school districts for which Crews acts as fiscal agent to grant the exemption from the provisions of Rule 308.01(F), which restricts fiscal agents from bidding on bonds offered by any district to which they serve as fiscal agent, conditioned as hereinafter set forth.

CONCLUSIONS OF LAW

1. Rule 308.01(F) prohibits a broker-dealer or agent from entering into a pre-sale contract with respect to any bond which is required by laws of the State of Arkansas to be sold at public sale, or to obtain any beneficial interest, direct or indirect, in the initial purchase of any bonds with respect to which the broker-dealer has acted as fiscal agent.

2. The prohibition of Rule 308.01(F) is applicable to the sales of bonds by Arkansas school districts.

3. Rule 308.01(F) provides that the prohibition shall not apply to bonds if it is shown to the satisfaction of the Commissioner that an arrangement otherwise prohibited by the Rule is to the benefit of the issuer.

OPINION

Under the circumstances of the present state of school financing in the State of Arkansas, and given the desirability of reducing the cost of such financing to the school districts offering bonds, it appears that it is to the benefit of such school districts for the Commissioner to grant Crews an exemption from the prohibition set forth in Rule 308.01(F) to the extent that it seeks to bid on the purchase of bonds offered by those

school districts for which it serves as fiscal agent. Allowing such exemption appears to increase the degree of competition involved in the offering and should therefore result in lower financing costs for such school districts, resulting in a direct benefit to the issuers.

ORDER

IT IS THEREFOR ORDERED that Crews is granted an exemption from the prohibition set forth in Rule 308.01(F) of the Rules of the Arkansas Securities Commissioner insofar as it relates to school bonds offered by the school districts for which it serves as fiscal agent. PROVIDED, HOWEVER, that such exemption is conditioned upon the following:

1. Crews shall disclose in the preliminary official statement for each bond issue that it has reserved the right to submit a competitive bid;
2. Crews shall advise the school district prior to the date bids are to be received whether it will submit a bid;
3. In the event that the only bid received by the school district is from Crews, acceptance of the bid by the school district is subject to same day review and approval by the Commissioner;
4. Crews will receive prior to the date bids are received, written authorization from the issuer in compliance with Municipal Securities Rulemaking Board Rule G-23;
5. All bids shall be submitted by electronic or sealed bid only; and
6. This exemption shall expire at the close of business on December 31, 2005.

WITNESS MY HAND AND SEAL on this 29th day of December, 2004.

MICHAEL B. JOHNSON
Securities Commissioner