

ASA HUTCHINSON
GOVERNOR

B. EDMOND WATERS
COMMISSIONER



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LITTLE ROCK, ARKANSAS 72201-1692
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ARKANSAS SECURITIES DEPARTMENT

August 17, 2017

Patrick J. Respeliers
Stinson Leonard Street LLP
1201 Walnut Street, Suite 2900
Kansas City, MO 64106-2150

RE: POET Biorefining, LLC
No Action Letter No. 17-NA-0005

Dear Mr. Respeliers:

The Staff of the Arkansas Securities Department ("Staff") is in receipt of your letter dated August 14, 2017, requesting that the Staff issue a no action letter concerning the applicability of the Arkansas Securities Act, codified at Ark. Code Ann. §§ 23-24-101 through 23-42-509, and the Rules of the Arkansas Securities Commissioner ("Rules") to your client, POET Biorefining, LLC. A copy of your request letter is attached for your reference.

Based on the specific facts contained in your request letter, the Staff will not recommend that enforcement action be taken against POET Biorefining, LLC, if it relies on the securities registration transactional exemption contained in Arkansas Code Ann. § 23-42-504(a)(12) and Rule 504.01(a)(12)(G) of the Rules for the transactions detailed in your letter.

Please note that the position of the Staff is based solely upon the representations made in your request letter and applies only to the facts as set out therein. Different facts or circumstances might and often would require a different response or opinion from the Staff.

Sincerely,

A handwritten signature in blue ink that reads "Scott Freydl".

Scott Freydl
Attorney Specialist

Enclosure



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ARKANSAS SECURITIES DEPT.

August 14, 2017

Federal Express

Arkansas Securities Department
Heritage West Building, Suite 300
201 East Markham Street
Little Rock, Arkansas 72201-1692

Re: Rule 504.01(a)(12)(G) of the Rules of the Arkansas Securities Commissioner and
Section 23-42-504(12) Exemption

Dear Sir or Madam:

We respectfully request your assistance in reviewing the contents of this letter for purposes of issuing a No-Action Letter pertaining to this transaction.

Background

We represent POET Biorefining, LLC (the "Company") in connection with its proposed acquisition of nine ethanol biorefineries (the "Target Biorefineries") pursuant to an agreement and plan of merger with each Target Biorefinery that is dated as of May 5, 2017 (the "Acquisitions"). Subject to the terms and conditions of the merger agreements, at the effective time of each Acquisition, a distinct newly formed, wholly-owned subsidiary of the Company ("acquisition subsidiary") will merge with and into the applicable Target Biorefinery (each, a "Merger"). Upon completion of each Merger, the separate existence of each acquisition subsidiary will cease, and each Target Biorefinery will continue as the surviving entity and as a direct, wholly-owned subsidiary of the Company.

In connection with the Acquisitions, the holders of the equity interests in the Target Biorefineries will receive Class A units of the Company in exchange for their equity interests in the Target Biorefineries.

For purposes of the Federal Securities Act of 1933, as amended (the "1933 Act"), the securities to be issued in the Acquisitions will be exempt pursuant to Section 3(a)(10) as a result of a fairness hearing with respect to the Acquisitions before the South Dakota Director of Insurance that was held on July 17, 2017.

The Company has determined that two of the Target Biorefineries, Iowa Ethanol, LLC, an Iowa limited liability company doing business as POET Biorefining – Hanlontown, and Pinnacle Ethanol, LLC, an Iowa limited liability company doing business as POET Biorefining – Corning (collectively, the "Applicable Target Biorefineries"), each have one holder of equity interests that is a resident of the state of Arkansas.

Transactions incident to a class vote on a merger

Under § 23-42-501 of the Arkansas Securities Act (the "Act"), "it is unlawful for any person to offer or sell any security in this state unless: (1) it is registered under this chapter; (2) the security or transaction is exempted under § 23-42-503 or § 23-42-504; or (3) it is a covered security". Rule 504.01(a)(12)(G) of the Arkansas Securities Commissioner provides an exemption under the heading "Class Vote" for "[a]ny transaction incident to a class vote by security holders or members, pursuant to the certificate of incorporation, organizational document, or the applicable statute on a merger, consolidation, reclassification of securities, sale of assets in consideration of the issuance of securities of another entity, or reorganization."

The two Applicable Target Biorefineries each have more than one class of equity interests. One of the Applicable Target Biorefineries has Class A and Class B units and the other one has Class A, Class A-1 and Class B units.

The Limited Liability Company Agreement for each of the Applicable Target Biorefineries requires any merger to be approved by the holders of a majority of the Applicable Target Biorefineries' units, voting together as a single class. In addition, the Company has voluntarily agreed to require each merger to also be approved by the holders of a majority of the equity interests of the applicable Target Biorefinery that are held by members unaffiliated with POET, LLC. POET, LLC is the manager of the Company, and a subsidiary of POET, LLC manages the day to day operations of each of the Target Biorefineries.

Both of the Applicable Target Biorefineries are Iowa limited liability companies and the Iowa Revised Uniform Limited Liability Company Act (the "RULLCA") does not have a requirement for mergers to be approved by separate class votes.

Since both of the Limited Liability Company Agreements treat all of the members of the Applicable Target Biorefineries as a single class for purposes of voting on a merger, we are of the opinion that the vote requirement in the Limited Liability Company Agreements satisfies the class vote requirement in Rule 504.01(a)(12)(G) of the Arkansas Securities Commissioner.

As such, the Company respectfully requests confirmation that, based upon the facts and circumstances in this letter, the staff of the Arkansas Securities Department will not recommend that the Arkansas Securities Commissioner take any enforcement action if the Company issues Class A Units to residents residing in Arkansas that are members of the Applicable Biorefineries without registering the Class A Units under §§ 23-42-501 and 23-42-502 of the Act in reliance upon Rule 504.01(a)(12)(G) of the Arkansas Securities Commissioner.

Please do not hesitate to contact me if you have questions or comments concerning the matters discussed in this letter.

August 14, 2017
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Sincerely,

Stinson Leonard Street LLP

A handwritten signature in black ink, appearing to read "Patrick J. Respeliens". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Patrick J. Respeliens