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ARIZONA CORPORATION COMMISSION

JAMES MATTHEWS
EXECUTIVE SECRETARY

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007-2996
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470

May 10, 1996

Douglas B. Pollitt, Esq.
110 East 59th Street, Suite 2900
New York, NY 10022

RE: KV Partners
A.R.S. § 44-1844(A)(4)

Dear Mr. Pollitt:

On the basis of the facts set forth in your letter of May 2, 1996, and in reliance upon your opinion as counsel, the Securities Division will not recommend enforcement action for violation of the Securities Act of Arizona should the transaction take place as set forth in your letter. The Division is granting this no-action letter on the basis of the exemption from registration under A.R.S. § 44-1844(A)(4). The Division is specifically relying on your representation that all sales (both in and out of Arizona) will be made in accordance with federal "§ 4(1 1/2)" and that the protections of federal § 4(2) will be implemented, i.e., no general solicitation or advertising, financial sophistication of investors, disclosure of material information and resale restrictions.

As this position is premised upon the facts set forth in your letter, it should not be relied on for any other set of facts or by any other person. Please also note that this position applies only to the registration requirements of the Act; the anti-fraud provisions of the Act continue to be applicable.

We have attached a photocopy of your letter. By doing this we are able to avoid having to recite or summarize the facts set forth therein.

Very truly yours,

A handwritten signature in black ink, appearing to read "D. Harris".

DEE RIDDELL HARRIS
Director of Securities

DRH:lb
Attachment

DOUGLAS B. POLLITT

ATTORNEY AT LAW

110 EAST 59TH STREET, SUITE 2900

NEW YORK, NEW YORK 10022

(212) 486-2100

May 2, 1996

Leslie Bloch, Esq.
Richard M. Weinroth, Esq.
Arizona Corporation Commission
Securities Division
1200 West Washington Street
Suite 201
Phoenix, AZ 85007

Re: KV Partners
Exemption Request ARS 44-1844(A)(1), ARS 44-1844(A)(4)

Ladies and Gentlemen,

Following our telephone conversation this morning, I am resubmitting an exemption request for KV Partners basing such request on, alternatively, ARS 44-1844(A)(1) or ARS 44-1844(A)(4).

I am acting on behalf of KV Partners and its counsel, Carb, Luria, Glassner, Cook & Kufeld LLP, in connection with a request for an interpretive opinion permitting the sale of one Unit of securities having a sale price of \$27,000 to one accredited investor resident in Arizona pursuant to ARS 44-1844(A)(1).

KV Partners is a general partnership consisting of Messrs. Thomas E. Kirch and William M. Venezia. Messrs. Kirch and Venezia, individually, are joined in this endeavor by Mr. Michael Beder (hereinafter together, the "Selling Shareholders").

The Selling Shareholders are offering to sell one Unit of Securities in Arizona.

Each Unit consists of: 1 share of Common Stock, \$1.00 par value per share, of Pan-Pacific Consolidated, Ltd. ("PPC"), a Delaware corporation; a number of shares of Common Stock, at the time of issuance equal to .003 of the outstanding shares, of International Fuel Containers, Inc. ("IFC"), an Arkansas corporation to be organized; and 3 shares of Common Stock, \$.01 par value per share, of U.S. Fuel and Security, Inc. ("U.S. and U.S. Fuel may hereinafter be referred to as the "Company" or "Companies," as the case may be.

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Richard M. Weinroth, Esq.
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As the offer and sale of the Unit is proposed to be made by the Selling Stockholders neither Section 4(2) of the Securities Act of 1933, as amended nor Regulation D, promulgated thereunder, is technically available to the transaction. As a consequence, ARS 44-1844(A)(1) is also not technically available. The proposed offer and sale is, however, a classic 4(1/2) transaction. Thus, the protections of Section 4(2) will be implemented, i.e., no general solicitation or advertising, financial sophistication of investors, disclosure of material information and resale restrictions. As a result, in my conversations with Mr. Lee Poole of your office, he suggested that ARS 44-1844(A)(1) may be available.

I note in this connection, the exemption request granted by the Director on June 2, 1992, a copy of which was enclosed with my letter of April 29, 1996. In that request, a Mexican issuer was selling American Depositary Shares pursuant to a firm commitment underwriting through a registered broker-dealer. As such, Section 4(2) of the Securities Act and Regulation D were unavailable. However, the Director, recognizing that such technical difficulties should not prevent the offering as all of the protections surrounding Regulation D would be complied with, permitted the offering pursuant to ARS 44-1844(A)(1).

As noted above, the Selling Shareholders propose a single sale in Arizona. It is believed, therefore, that the exemption in ARS 44-1844(A)(4) which exempts

The sale in good faith and not for the purpose of avoiding the provisions of this chapter of securities by the bona fide owner of such securities, other than an issuer or underwriter, in an isolated transaction, in which the securities are sold either directly or through a dealer as agent for the owner but where the sales are not made in the course of repeated or successive transactions of similar character by the owner and are not made, directly or indirectly for the benefit of the issuer or an underwriter of the securities

may be available.

For the reasons stated, it is requested that the Director permit the offer and sale of one Unit of securities to

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Richard M. Weinroth, Esq.
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one accredited investor in Arizona pursuant to the exemption contained in either ARS 44-1844(A)(1) or ARS 44-1844(A)(4).

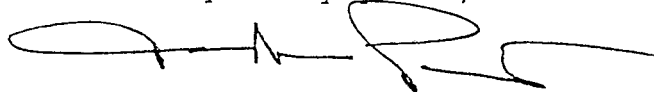
As noted in the Confidential Memorandum previously supplied to you, the Selling Shareholders have offered rescission to purchasers who had purchased 37.5 Units because federal and state securities registration provisions may not have been complied with. No such purchaser are located in Arizona and the proposed Arizona sale is a sale of an additional Unit not covered by the rescission offers.

Finally, as noted in our conversation, our previous reluctance to rely on an isolated sale exemption results from case law and administrative rulings in other jurisdictions which hold that isolated means only one and that securities sales in other jurisdictions must be considered. To the extent that the Arizona Division of Securities is willing to grant an exemptive order for a single sale in Arizona, irrespective of the fact that sales will be made in other jurisdictions, the Selling Shareholders will receive the degree of comfort they require to complete the transaction.

If you have any questions or require further information, please contact either Guy Lander at (212) 503-0627 or me.

Kindly acknowledge receipt on the enclosed copy of this letter and return it to me in the envelope provided.

Very truly yours,



Douglas B. Pollitt

DBP/jb
Enclosures