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ARIZONA CORPORATION COMMISSION

JAMES MATTHEWS
EXECUTIVE SECRETARY

SECURITIES DIVISION
(602) 542-4242
(602) 255-2600
FAX: (602) 255-2617

August 26, 1991

W. Keith McLeod, Esq.
Huggins & Associates Attorneys
The Crescent Center, Seventh Floor
6075 Poplar
Memphis, Tennessee 38119

RE: Mason-Dixon Bancshares, Inc.
A.R.S. § 44-1844(A)(7)

Dear Mr. McLeod:

On the basis of the facts set forth in your letter of August 12, 1991, 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.

As you have previously discussed with Michael G. Burton, Sr. of the Division, we are unable to concur with your conclusion that the proposed transaction will qualify for exemption pursuant to A.R.S. § 44-1844(A)(7). That section concerns "the exchange of securities by an issuer with its existing security holders exclusively." The proposed transaction does not involve an exchange with existing shareholders. However, the transaction appears to qualify for the exemption provided by A.R.S. § 44-1844(A)(6), as a "transaction incident to a statutory reorganization or merger." Therefore, the Division shall take a no-action position based upon this provision.

This position is consistent with prior no-action letters issued by the Division. However, the Division is currently analyzing the breadth of the exemption found in A.R.S. § 44-1844(A)(6) and may take a different position on similar facts in the future.

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.

W. Keith McLeod, Esq.
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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,



DEE RIDDELL HARRIS
Director of Securities

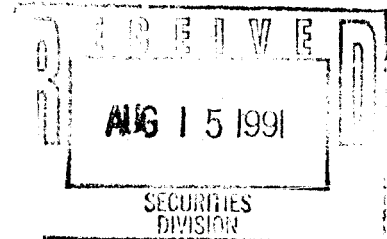
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Attachment



August 12, 1991

Ms. Dee Riddell Harris
Director of Securities
Arizona Corporation Commission
Securities Division
1200 West Washington Street, Suite 201
Phoenix, AZ 85007



Dear Ms. Harris:

Our firm represents Carroll County Bank and Trust Company, Westminster, Maryland (the "Bank"), a state bank doing business in the State of Maryland. For purposes of forming a bank holding company, Mason-Dixon Bancshares, Inc., (the "Holding Company"), the Board of Directors of the Bank has adopted an Agreement and Plan of Exchange with the Holding Company, whereby the Bank would be acquired by the Holding Company. Shares of stock of the Holding Company will be exchanged for shares of stock in the Bank. This procedure for forming a bank holding company is expressly authorized by Maryland Statute and is subject to approval by the Maryland State Banking Department.

The agreement and Plan of Exchange will be submitted to the shareholders of the Bank for approval in September, 1991. Upon approval of the Agreement and Plan of Exchange by a majority of the outstanding shares of Bank stock, and a filing of certain documents with the Federal Reserve Board and the Maryland State Banking Department, each outstanding share of Bank stock will be exchanged for one share of Holding Company stock.

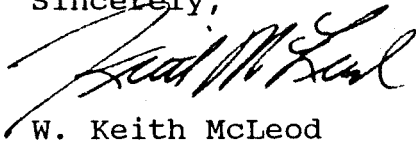
Our review of the Arizona Securities Laws indicates that the above-referenced transaction will qualify for exemption pursuant to Section 44-1844(A)(7) of the Arizona Revised Statutes, as amended. This section provides that the exchange of securities by an issuer with its existing security holders exclusively, where no commission or remuneration is paid or given, directly or indirectly, for soliciting the exchange, if such exchange has been duly authorized and has been approved by the holders of not less than a majority of the outstanding securities of each class affected by the exchange is exempt.

The transaction involves an exchange of shares which will be approved by the shareholders of the Bank and the Holding Company. Upon your request, we will send you a copy of the proxy materials to be provided to the shareholders. We respectfully request that you review the structure of this transaction and confirm that this transaction does qualify for the exemption described above.

Ms. Dee Riddell Harris
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We have enclosed a check for \$200 made payable to the Arizona Corporation Commission as required for issuance of a "No-Action" letter. We also enclose a copy of this letter and a self-addressed, stamped envelope to be returned to acknowledge receipt of this filing. If you have any questions, please feel free to contact me.

Sincerely,



W. Keith McLeod

/mr

Enclosures