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November 17, 1992

Charles L. Potuznik, Esq.  
Dorsey & Whitney  
220 South Sixth Street  
Minneapolis, Minnesota 55402-1498

RE: Regional Operations Group, Inc.

Dear Mr. Potuznik:

On the basis of the facts set forth in your letter of November 5, 1992, 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 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,

DEE RIDDELL HARRIS  
Director of Securities

DRH:lb

Attachment

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November 5, 1992

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Corporation Commission  
Securities Division  
1200 West Washington Street, Suite 201  
Phoenix, Arizona 85007

Re: Regional Operations Group, Inc.  
Interpretative Opinion Request

Dear Ladies and Gentlemen:

On behalf of Regional Operations Group, Inc. (formerly IFG Information Services, Inc.), a Minnesota corporation ("Ops Group") and a wholly owned subsidiary of Inter-Regional Financial Group, Inc., a Delaware corporation ("IFG"), we hereby respectfully request your interpretative opinion that Ops Group is exempt from the broker-dealer registration requirements under Section 44-1941 of the Arizona securities laws. The basis for this exemption is contained in Section 44-1801(9)(c) because Ops Group does not have an office in Arizona and will effect transactions in Arizona exclusively with or through other broker-dealers. Furthermore, Ops Group has advised us that it will not solicit any Arizona residents to buy or sell securities or otherwise buy securities from or sell securities to Arizona residents. Our check in the amount of \$200 is enclosed to pay the required fee.

## FACTS

IFG has made the strategic decision to combine the operations departments and clearance and settlement functions of its two wholly owned brokerage subsidiaries, Dain Bosworth Incorporated ("Dain") and Rauscher Pierce Refnes, Inc. ("Rauscher"), into Ops Group. Both Dain and Rauscher are registered broker-dealers in Arizona. Rauscher, through its RPR Clearing Services division, also provides clearance and settlement services to other introducing brokers. Ops Group will be registered as a broker-dealer under the Securities Exchange Act of 1934 and will be a member of the New York Stock Exchange, National Association of Securities Dealers, Inc. and the Securities Investor Protection Corporation ("SIPC"). Ops Group's only office will be located in Minnesota and, accordingly, it will register as a broker-dealer under the securities laws of Minnesota.

Ops Group's business and operations will be exclusively that of a clearing broker maintaining the customer accounts of Dain, Rauscher and other existing broker-dealers (collectively, "Introducing Brokers") on a "fully disclosed" basis. Some of the Introducing Brokers are registered broker-dealers in the state of Arizona and have customers who are Arizona residents.

Ops Group has advised us that its business and operations as a clearing broker and its relationship to the Introducing Brokers will be as follows:

1. Ops Group will act as the Introducing Broker's agent to perform certain functions on the Introducing Broker's behalf.

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2. All customers will be the customers exclusively of the Introducing Brokers and will deal with them as their securities broker. Customers will open their accounts directly with the Introducing Brokers who will have the sole responsibility to approve and monitor their customer accounts.

3. Since Ops Group will clear transactions on a "fully disclosed" basis, the Introducing Broker will disclose to Ops Group certain information regarding the Introducing Broker customers, such as names, addresses and securities positions, so that Ops Group can perform "back office" functions for the Introducing Brokers as discussed in paragraph 7 below. In order to facilitate the performance of these functions, Ops Group will unilaterally establish and carry an account in the name of each Introducing Broker customer.

4. All customer solicitations to buy or sell securities will be done by the Introducing Broker and its registered representatives. Accordingly, customers will place their orders to buy and sell securities exclusively with the Introducing Brokers and their registered representatives. Ops Group will not solicit any Arizona residents to buy or sell securities and no Introducing Broker customer will be entitled to place an order to buy or sell securities directly with Ops Group.

5. In connection with margin transactions, Ops Group will act as a lender by extending credit (the margin) to the Introducing Broker customers and will hold the Introducing Broker customers' securities as collateral for repayment of the margin loan.

6. Ops Group will have the obligation to comply with the initial margin requirements of Regulation T and to maintain prescribed levels of equity in margin accounts pursuant to rules of the New York Stock Exchange and the National Association of Securities Dealers, Inc. Ops Group will communicate only with the Introducing Broker should it happen that the level of equity in an Introducing Broker customer's account dips below the prescribed maintenance level. The Introducing Broker in turn would contact its customer. If the prescribed maintenance level is not maintained, Ops Group could be forced to take action in liquidating securities in the Introducing Broker customer's account in order to ensure compliance with Regulation T or the policies of the New York Stock Exchange and National Association of Securities Dealers, Inc. In that case, Ops Group would be acting as a lender regarding an under-secured loan.

7. Ops Group will perform "back office" functions on behalf of Introducing Brokers as follows:

a. Ops Group will clear and settle securities transactions on behalf of the Introducing Broker for the Introducing Broker customers. Since the securities transactions will be for the Introducing Broker customers, the Introducing Broker will be financially responsible to Ops Group for the Introducing Broker customers' transactions (i.e. payment).

b. Ops Group will either prepare and send out or provide the necessary information to the Introducing Broker to prepare and send out confirmations of securities transactions to the Introducing Broker customers. Ops Group will receive and deliver funds and securities from and to the Introducing Broker customers as a result of those transactions.

c. Ops Group will safekeep funds and securities on behalf of the Introducing Broker customers.

d. Ops Group will maintain books and records (including certain customer account records) on behalf of the Introducing Brokers.

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e. Ops Group either prepare and send out or provide the necessary information to the Introducing Broker to prepare and send out periodic account statements to the Introducing Broker customers.

8. Registered Representatives and other employees of an Introducing Broker will be subject to the control and supervision of the Introducing Broker but not of Ops Group. In this regard, the Introducing Broker will be responsible for compliance with applicable "customer suitability" rules in connection with securities purchases and sales.

9. Since Ops Group will operate on a "fully disclosed" basis, customers of the Introducing Broker will be fully aware of the agency relationship between the Introducing Broker and Ops Group and that they themselves are not customers of Ops Group. In fact, Rule 382 of the New York Stock Exchange specifically requires Ops Group to notify all Introducing Broker customers in writing of the existence of the clearing agreement and the relationship between Ops Group and the Introducing Broker.

DISCUSSION

Section 44-1801(9)(c) of the Arizona securities law exempts persons from broker-dealer registration if they (i) have no place of business in Arizona and (ii) effect transactions in Arizona exclusively with or through other broker-dealers. It appears clear to us that Ops Group should fit within this exemption because:

a. It will have no place of business in Arizona (its only office will be in Minnesota).

b. Its business and operations as described above do not involve soliciting purchases from or sales of securities to Arizona residents, but at the most involve effecting transactions with or through broker-dealers registered in Arizona. Indeed, the customer-broker relationship is strictly between the customer and the Introducing Broker.

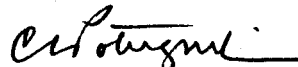
c. By providing margin to Introducing Broker customers, Ops Group will be acting as a lender and not as a securities broker-dealer.

REQUEST

In light of the foregoing, we respectfully request your interpretative opinion that Ops Group is exempt from the broker-dealer registration requirements of the Arizona securities law.

If you have any further questions or comments, please feel free to give me or Jacqueline Warner of our firm (612-340-8724) a call. Thank you for your assistance.

Very truly yours,



C. L. Potuznik

CLP:vkw  
cc: Carla Smith, Esq.