

44-1844 (19)

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ARIZONA CORPORATION COMMISSION

SECURITIES DIVISION
(602) 542-4242

August 9, 1990

Elliot H. Lutzker, Esq.
Snow Becker Krauss P.C.
605 Third Avenue
New York, New York 10158

RE: Partial Denial of No Action Request for Stuart-James
Company Incorporated Regarding A.R.S. 44-1844(19),
A.R.S. 44-1844(11), and A.R.S. 44-1844(18)

Dear Mr. Lutzker:

This is to confirm that A.R.S. 44-1844(19), if properly
complied with, will enable Stuart-James to effect secondary
transactions to non-residents and individuals not in Arizona at the
time of the offer or sale without the required 90 day waiting
period described in A.R.S. 44-1844(11).

However, we find no authority for the proposition that the
offers to Arizona residents are in any way exempted by A.R.S. 44-
1844(19). Nor is there any authority or any policy reason to waive
the 90 day waiting period required for the use of the exemption
provided by A.R.S. 44-1844(11) or A.R.S. 44-1844(18). Accordingly,
that portion of your request is denied.

Very truly yours,

Handwritten signature of Dee Ridell Harris in cursive.

DEE RIDDELL HARRIS
Director of Securities

DRH:KR:ww

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*ALSO ADMITTED IN N.J.
*ALSO ADMITTED IN FLA.
*ALSO ADMITTED IN AZ.
^oALSO ADMITTED IN CAL.

August 2, 1990

VIA FEDERAL EXPRESS

Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Re: No/Action Request

Gentlemen:

On behalf of our client, The Stuart-James Company Incorporated ("Stuart-James"), we hereby seek a no-action letter exempting from registration secondary trading of securities of a non-Arizona domiciled issuer, by Stuart-James' Arizona branch offices to both Arizona residents and/or non-Arizona residents. This request is sought because we interpret Section 44-1841 of the Arizona Revised Statutes with respect to the sale of unregistered securities as prohibiting sales into and from the State of Arizona. We have enclosed a check in the amount of \$200 as the filing fee for this request.

Stuart-James recently effectuated the sale of shares in an initial public offering of Command Security Corporation, a non-Arizona issuer, through its Arizona branch offices to non-residents of Arizona pursuant to the exemption provided by Section 44-1844(19) of the Arizona Revised Statutes. The NASDAQ exemption set forth in Section 44-1844(18) and the manual exemption set forth in Section 44-1844(11) with respect to secondary trading, require a 90-day waiting period before secondary trading can commence. We were advised that Ms. Dee Harris had interpreted the Section 44-1844(19) exemption to enable Stuart-James to effect secondary transactions to non-residents and hereby ask you to reconfirm that position in the event that you do not otherwise grant this no action

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request. However, rather than having to seek relief on an issuer by issuer basis, we would prefer to obtain a no action letter permitting a non-Arizona based broker-dealer to effect secondary transactions to both Arizona and non-Arizona residents during the 90-day period following the initial public offering.

The exemption from registration that Stuart-James is seeking is of a "limited duration". Such registration is not "essential to the public interest or for the protection of investors" since sales to non-residents of the State of Arizona are permitted for the initial public offering and in the after-market to both residents and non-residents of Arizona after 90 days. The foregoing criteria are the standards for an exemption by the Commission as set forth in Section 44-1846. Requiring a 90 day waiting period to transact after-market transactions would penalize not only the broker-dealer, but those non-residents who purchased the securities through their Arizona broker-dealer. Such a waiting period is inconsistent with the availability of the initial offering exemption and does not forward the preservation of the public's interest.

We therefore respectfully request a letter stating that the Commission will take no action if registered representatives employed by Stuart-James in Arizona effect transactions in the aftermarket of securities of a non-Arizona domiciled issuer to Arizona and/or non-Arizona residents without registration under the laws of the State of Arizona.

Very truly yours,

SNOW BECKER, KRAUSS P.C.



Elliot H. Lutzker

EHL:dr
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