

Staircase file



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ARIZONA CORPORATION COMMISSION

SECURITIES DIVISION  
Office: (602) 542-4242  
FAX: (602) 542-3583

July 12, 1994

Loren P. Hansen, Esq.  
Knetch & Hansen  
1301 Dove Street, Suite 900  
Newport Beach, CA 92660

RE: Sun Country Bank  
A.R.S. §44-1843(A) (2)

Dear Mr. Hansen:

On the basis of the facts set forth your letters of June 3, 1994 and June 24, 1994 ("your letters") 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 letters. The Division concurs with your opinion that the Sun Country Bank units are exempt from registration pursuant to A.R.S. §44-1843(A) (2), as securities "issued by a state bank . . . the business of which is supervised and regulated by an agency of . . . the United States."

As this position is premised upon the facts set forth in your letters, 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 and other provisions of the Act continue to be applicable.

We have attached a photocopy of your letters. 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:pgg

Attachment

KNECHT & HANSEN  
A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

ATTORNEYS AT LAW

1301 DOVE STREET, SUITE 900  
NEWPORT BEACH, CALIFORNIA 92660

TELEPHONE: (714) 851-8070

RICHARD E. KNECHT  
LOREN P. HANSEN

TELECOPIER:  
(714) 851-1732

June 3, 1994

BY FEDERAL EXPRESS

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Securities Division  
Corporations Commission  
1300 West Washington, 3rd Floor  
Phoenix, Arizona 85007

JUN - 6 1994

Re: Sun Country Bank -  
Proposed Issuance of Securities  
Request for No Action Letter Regarding  
Sections 44-1843(A)(2) and 44-1843(A)(1)

Dear Sir or Madam:

On behalf of Sun Country Bank (the "Bank"), Apple Valley, California, request is hereby made for a no-action letter as to the availability of the exemption under Sections 44-1843(A)(2) of the Arizona Securities Act (the "Act") for the offering and sale by the Bank of units, with each unit composed of a share of common stock, a share of noncumulative convertible preferred stock and a warrant exercisable into a share of Common Stock.

The Bank is a state-chartered bank licensed and regulated by the California State Banking Department and the Federal Deposit Insurance Corporation. The Bank's broker-dealer for the Offering is Consolidated Investment Services, Inc., which will be selling the Bank's units on a best-efforts basis.

The Bank has filed an application with the California State Banking Department pursuant to California Financial Code Section 692 et seq. in order to sell the above-described securities in California and in certain states that the Bank or CIS desire to sell. The Bank expects a permit will be issued in the last two (2) weeks of June, 1994.

The Bank is a full-service bank that has been chartered by the California Superintendent of Banks and is regulated by the Superintendent and the Federal Deposit Insurance Corporation. The Bank's deposits are fully insured by the FDIC pursuant to the Federal Deposit Insurance Act.

The Bank is subject to extensive supervision and regulation by the Superintendent and the FDIC. The Superintendent must make a careful investigation and examination of various

June 3, 1994  
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matters before an application for authority to engage in the business of banking is approved by the Superintendent. The Company's capitalization is subject to a number of conditions and restrictions, and branch offices and relocations are subject to regulatory approval. The Bank's assets may be seized and liquidated, or they may be placed in conservatorship, for violation of statutory requirements. It should also be noted that the Bank, as an FDIC-insured institution, is subject to certain rules promulgated by the Board of Governors of the Federal Reserve System.

Finally Section 3(a)(2) of the Securities Act of 1933 exempts securities issued by a bank.

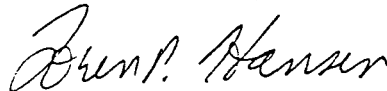
In view of the manner in which the Bank is organized and supervised, the activities that the Bank conducts, and Section 3(a)(2) of the 1933 Securities Act, we believe, and respectfully request, that the Arizona Securities Division issue a no-action letter confirming that the Bank's securities that are intended to be sold qualify as exempt securities under Section 44-1843(A)(2) of the Act as securities "issued by a state bank... the business of which is supervised and regulated by an agency of... the United States."

Enclosed please find a check in the amount of \$200 in payment of the filing fee required by Section 44-1861(L) of the Act.

We would appreciate a prompt review of, and response to, this request. If you should have any questions or require any additional information with regard to this matter, please contact the undersigned.

Please stamp the enclosed copy of this letter to acknowledge receipt of this filing and return same in the self-addressed, stamped envelope provided for that purpose.

Very truly yours,



Loren P. Hansen of  
Knecht & Hansen

LPH/cb  
Enclosures

cc: Mr. Lance W. Anderson  
Marya Brancio, Esq.

KNECHT & HANSEN  
A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

ATTORNEYS AT LAW

1301 DOVE STREET, SUITE 900  
NEWPORT BEACH, CALIFORNIA 92660  
TELEPHONE: (714) 851-8070

RICHARD E. KNECHT  
LOREN P. HANSEN

TELECOPIER:  
(714) 851-1732

June 24, 1994

BY FAX 602/542-3583 AND MAIL

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Pamela Georgellos, Esquire  
Senior Counsel  
Securities Division  
Corporations Commission  
1300 West Washington, 3rd Floor  
Phoenix, Arizona 85007

Re: Sun Country Bank -  
Proposed Issuance of Securities  
Request for No Action Letter

Dear Ms. Georgellos:

Following our telephone conversation of June 24, 1994, this is to provide you with additional information concerning our request for a no-action letter as to the availability of the exemption under Section 44-1843(A)(2) of the Arizona Securities Act (the "Act") for the offer and sale by the Bank of units.

An application for a permit has been filed by the Bank with the California State Banking Department, and the Bank anticipates that a permit authorizing the offering will be issued by the Department within the next two weeks.

With regard to the offering, the Bank desires to sell a minimum of 33,334 units up to a maximum of 266,667 units, with each unit consisting of one share of the Bank's common stock, no par value, one share of the Bank's nonvoting, noncumulative 6% serial preferred stock, and one warrant to purchase one share of common stock of the Bank, at a purchase price of \$15.00 per unit both to shareholders of the Bank and to members of the public. As part of the offering, the Bank intends to issue transferable rights to subscribe on a preferential basis, for all of the units being offered in the offering.

The rights offering will terminate approximately 30 days after the date of the issuance of the permit, and the public offering will then terminate up to 90 days after the date of the issuance of the permit, subject to the Bank's rights to extend the public offering for up to two additional 90 day period, subject to any and all necessary regulatory approvals.

Pamela Georgellos, Esquire  
June 24, 1994  
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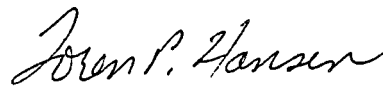
The price per unit was established by the Board of Directors in its sole discretion, and the minimum number of units which a non-rights holder may subscribe is 150 units or \$2,250, and the maximum number of units that a non-rights holder may subscribe is 22,212 or \$333,180.

The Bank currently has three shareholders that are located in the State of Arizona, and such shareholders hold a total of 7,220 shares, or 2.03% of the 355,159 shares of Common Stock that are currently outstanding at the Bank. The Bank intends to market the rights offering portion to its shareholders located in 13 states including Arizona, and the Bank desires Consolidated Investment Services, Inc. ("CIS"), its managing broker-dealer with respect to the offering, to market the units in the public portion of the offering in Arizona and other states. At this time, neither CIS nor the Bank knows the amount of units, if any, that will be subscribed by either shareholders or nonshareholders.

We hope this information assists you in the issuance of the no action letter that was requested by our letter of June 3, 1994. Since the Bank intends to commence the offering within the next two weeks, we would appreciate the issuance of the no action letter as soon as possible.

We appreciate your review of this information as soon as possible. If you should have any additional questions or require additional information, please contact the undersigned.

Very truly yours,



Loren P. Hansen of  
Knecht & Hansen

LPH/cb

cc: Mr. Lance W. Anderson  
Marya Brancio, Esq.