

DIRK KEMPTHORNE  
GOVERNOR



GAVIN M. GEE  
DIRECTOR

STATE OF IDAHO  
DEPARTMENT OF FINANCE  
700 W. STATE STREET, 2ND FLOOR  
P.O. BOX 83720  
BOISE, IDAHO 83720-0031  
Website: finance.state.id.us

September 6, 2001

Re:

Dear M

This is in response to your letter requesting that the Department take a "no-action" position in accepting a late filing pursuant to Section 30-1434(1)(k) of the Idaho Securities Act (the Act).

It is our understanding that the Company) granted options under a 1997 Stock Option Plan (the Plan) to employees, non-employee directors, consultants, and others.

Section 30-1434(1)(k) exempts:

"Any investment contract issued in connection with an employee's stock purchase, savings, pension, profit-sharing or similar benefit plan."

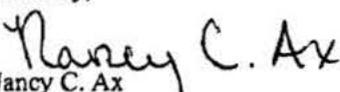
This exemption is not applicable to non-employees such as consultants of the Company. In our opinion, any distribution of shares or options to the Idaho employees of a parent corporation, or a subsidiary corporation that is not wholly owned by the Company, would also be a violation of Section 30-1434(1)(k).

Based on your representations, the Department is willing to take a "no-action" position in accepting the late filing by pursuant to Section 30-1434(1)(k). However, this "no-action" will in no way extinguish the Company's civil liability to the individuals previously granted options pursuant to the Plan. In our opinion, in order to extinguish this liability, the only remedies available to the Company are: 1) finding an applicable self-executing exemption on which to rely for options granted prior to this filing, or 2) offering rescission to all plan participants. Please refer to §30-1446 of the Act (enclosed) for information regarding rescission offers.

Please be aware that the position taken in this letter is based solely on the facts and circumstances presented your letter dated August 15, 2001. Should the facts change or be altered in a material way, our view may be different.

If you have any questions regarding this matter, please contact the undersigned.

Sincerely,

  
Nancy C. Ax  
Securities Analyst

Enclosure

Banks & Savings Banks (208) 332-8005  
Credit Unions (208) 332-8003  
Securities (208) 332-8004  
Money Transmitters (208) 332-8004

PHONE: (208) 332-8000  
FAX: (208) 332-8098  
Director's Fax: (208) 332-8097  
Securities Fax: (208) 332-8099

Supporting Services (208) 332-8001  
Mortgage Companies (208) 332-8002  
Finance Companies (208) 332-8002  
Collection Agencies (208) 332-8002

EQUAL OPPORTUNITY EMPLOYER

RECEIVED  
AUG 16 2001  
DEPARTMENT OF FINANCE

August 15, 2001

**VIA FEDERAL EXPRESS - Return copy requested**

Dept. of Finance, Securities Bureau  
700 West State Street  
P.O. Box 83720  
Boise, ID 83720-0031

Re: (an Idaho Corporation,

Ladies and Gentlemen:

Our law firm recently entered an agreement with to act as its legal counsel in a merger/acquisition transaction. In the due diligence process, we found out that adopted a 1997 Stock Option Plan (the "*Plan*") but failed to file a 30-day prior notice with your office back in 1997. As a result, failed to comply with Section 30-1434(2) of the Idaho securities law although the securities granted under the Plan should have the exemption pursuant to Section 30-1434(1)(k) thereof. To rectify that oversight, we are filing on behalf of this notice with a copy of the Plan and the requisite filing fee of \$50.

Please note that the Board of Directors of approved the Plan in 1997 and reserved 20,000 shares of its Common Stock under the Plan. will not grant any future stock options under the Plan once the merger/acquisition transaction has closed. If the merger/acquisition transaction is consummated, the outstanding stock options granted under the Plan will be assumed by the acquirer and still be valid for exercises.

We respectfully request that this office take a no-action position in accepting this filing and find it not in conflict with public interest.

Please acknowledge receipt of this filing by endorse-stamping the copy of this cover letter and returning it to me in the self-addressed and stamped envelope.

Should you have any questions or comments regarding the enclosed, please feel free to contact

Sincerely,

Corporate Paralegal

Enclosures

cc: