



IDAHO

DEPARTMENT OF FINANCE

C.L. "BUTCH" OTTER
Governor

GAVIN M. GEE
Director

October 4, 2016

Re: Request for No-Action Letter Regarding

Dear _____:

This is in response to your request that this Department take a "no-action" position concerning _____ (the Manager) which acts as an investment adviser to _____ (the Fund). We understand the Manager qualifies for an exemption from registration as an investment adviser in its home state. You have provided this Department with your representation that had Idaho adopted the NASAA Model Rule for registration exemption for investment advisers to private funds, the Manager would have qualified for the exemption.

The Idaho Uniform Securities Act (2004) (IUSA) defines investment adviser activities under §30-14-102(15). The Department requires registration of investment advisers pursuant to IUSA §30-14-403. You requested the Manager be excluded from the investment adviser registration requirement based on the wealth, sophistication and limited number of Idaho investors which qualify under the Fund's suitability parameters. A copy of your September 2, 2016 letter requesting the Department's "no action" position in this matter is attached to this response.

The Manager

The success of the Fund's investments, the portfolio companies and fund affiliates is highly dependent upon the expertise of _____, Managing Director of the Manager. In addition to _____ being CEO of _____ in Idaho Falls, he is also the founder of _____ based in Portland, Oregon and has successfully managed and invested in healthcare related companies. You have represented that the Manager has many pre-existing professional and business contacts in Idaho and some (about a dozen) Idaho residents have expressed an interest in investing in the Fund.

The Fund

As noted in your submission, an investment in the fund is suitable only to investors with abundant financial resources, and with knowledge and investment experience in the health care industry.

SECURITIES BUREAU

Bureau Chief – James A. Burns

800 Park Boulevard, Suite 200, Boise, ID 83712

Mail To: P.O. Box 83720, Boise ID 83720-0031

Phone: (208) 332-8004 Fax: (208) 332-8099

<http://finance.idaho.gov>

Request For No-Action^[1]

Based on the representations within the attached correspondence, the Department will take the “no action” position based on the following:

1. The Manager qualifies in its home state for an exemption from registration as an investment adviser and qualifies for the private fund advisor exemption under the NASAA registration exemption for investment adviser to private funds model rule sections I(a) through (g) and section II (commentary) including but not limited to #2 below.
2. The Fund will operate in compliance with SEC Rule 205.3 and will be available only to Idaho investors which meet the definition of “qualified clients”. In general, this means individual investors must have either \$1 million in investments managed by the adviser or least \$2 million in net worth, excluding the personal residence.

The Department’s position is based on representations and facts presented in the September 2, 2016 letter sent to us on behalf of your client. Any different facts or circumstances may require a different conclusion. The Department expresses no opinion as to the adequacy of the disclosures provided in the offering document and associated marketing materials. We direct your attention to the anti-fraud provisions of the IUSA and emphasize that the Manager and any registered broker-dealers who may offer or sell securities in Idaho on the Manager’s behalf still have the responsibility for compliance with these and other provisions of the IUSA.

Sincerely,



Walt Bitner
Securities Analyst

^[1] This decision is based solely on the Manager’s unique circumstances and is not intended to serve as precedent for any other investment adviser or applicant. This letter should not be construed as a finding that registration is not required in other jurisdictions where investors in the Fund may reside.

September 2, 2016

Via Federal Express and Email

Walt Bitner
Securities Analyst
Idaho Department of Finance
800 Park Blvd, Suite 200
Boise, ID 83712

Re: Request for No-Action Letter
Fund:
Manager:

Dear Mr. Bitner:

This request is being submitted pursuant to Section 12.01.08.003 ("Rule 3") of the Idaho Administrative Procedure Act of the Rules Pursuant to the Uniform Securities Act.

Pursuant to this letter, the Fund is requesting a statement ("No-Action Letter") from the Idaho Department of Finance (the "Department") that it will not take enforcement action against _____, a Delaware limited liability company ("Manager"), for not registering as an investment advisor under Idaho Code §30-14-403 with respect to ("Fund"). For the reasons stated in this letter, the Manager is requesting that it be excluded from the requirement to register as an investment advisor with respect to the Fund.

Fund

The purpose of the Fund is to invest in existing and start-up healthcare businesses in the United States. The Fund holds itself out as pursuing a venture capital strategy. The Fund's focus is on funding, creating, and expanding healthcare businesses, such as new or existing surgical centers, specialty hospitals, skilled nursing centers, and home health care companies. The purpose of the Fund is further described in its comprehensive Confidential Private Placement Memorandum dated June 15, 2016, as updated ("Memorandum"). The Memorandum is attached to this Letter which, with exhibits, is 178 pages, including over twenty pages of risk factors related to the investment. As provided in the Memorandum, the Fund's duration is expected to be ten years or

so. The Fund does not permit redemptions, and an investment in the fund is a long-term investment.

Manager

The Manager of the Fund is _____, a Delaware limited liability company, which is also based in Portland, Oregon. The Manager has no offices in Idaho. The Manager was formed for the sole purpose of being the Manager of the Fund, and the Manager provides no other services. The Manager has no clients other than the Fund, and only provides services to the Fund. The Manager does not hold itself out as an investment advisor.

No Public Offering

The Fund is available to only to sophisticated, accredited investors, and the Fund is relying upon the private offering under 506(b) of Regulation D. The Fund is an audited Fund that is not engaged in a public offering, is not open to the public, and has not made a public solicitation. The Fund is focusing on raising funds from sophisticated accredited investors knowledgeable in the healthcare industry. The Fund is open only to accredited investors. The Fund qualifies for the private fund advisor exemption under model rule of North American Securities Administrators Association (“NASA Exemption”).

As provided in the Memorandum, the minimum investment in the Fund is \$250,000, although the Fund expects commitments of much larger amounts. A Form D, Notice of Sale of Securities, was filed with the Department, although there have been no sales of interests in the Fund in Idaho so far.

The Manager has many pre-existing professional and business contacts in Idaho. Idaho residents have expressed interest in investing in the Fund. If able, and due to the prior contacts with Idaho, the Manager would anticipate up to a dozen Idaho residents as investors. The Manager believes that most of the Idaho residents interested in investing would qualify as institutional investors if such term included individuals.

The managing director of the Manager is _____, who is also the owner. _____ is further described in the Memorandum. _____ is the chief executive officer of _____, a hospital located in Idaho Falls. _____ is also the founder of _____, based in Portland, Oregon, which is developing temporary care units throughout the United States. _____ has extensive experience in the healthcare industry, which _____ will apply in selecting the portfolio investments for the Fund.

No-Action Request

As noted above, the Fund acknowledges that neither Section 30-14-102(15)(g) of the Uniform Securities Act (2004) of Idaho (“Act”) nor the Rules Pursuant to the Uniform Securities Act (2004) (“Rules”) contain the NASAA Exemption or some variant. Section 12.01.08.100 of the Rules states that the “the Administrator may, either upon request, or upon his own motion, waive or modify the application of any particular section to a particular agent, broker-dealer or investment adviser when, in his opinion, just and reasonable cause exists for such action and the waiving or modifying of such rule would not be contrary to the provisions of the Act or to the public interest.”

Rule 3 further provides that the Administrator, in his discretion, may honor requests from interested persons for formal interpretive opinions and no-action positions, including consideration of waivers, relating to an actual specific factual circumstance where appropriate and in the public interest.

Pursuant to this letter, we submit that there is good cause to exempt the Manager from registration as an investment advisor under the Act. The exemption from the Securities registration under Regulation D, coupled with the very high minimum capital investment requirement, and the venture capital healthcare-related investment focus, provides that the Fund will be limited to sophisticated, industry-knowledgeable, accredited investors. Pursuant to this letter, we submit that a No-Action Letter would also be consistent with the rationale of the No-Action Letter issued by the Department on March 21, 2008, which letter is also attached.

From a regulatory standpoint, we submit that there is very little to be gained in investor protection from requiring registration as an investment advisor that will not already be accomplished and safeguarded pursuant to the disclosure requirements currently imposed by the Act and Regulation D.

Walt Bitner
September 2, 2016
Page 4

Thank you for consideration of this request for a No-Action Letter. If you have any questions regarding any of the above, please do not hesitate to contact the undersigned.

Very truly yours,

Enclosures
Memorandum
March 21, 2008 No-Action Letter
\$50 Filing Fee