

DIRK KEMPTHORNE
GOVERNOR



GAVIN M. GEE
DIRECTOR

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

December 1, 2004

Re:

Dear M

This is in reference to your request for a "no action" position from this Department regarding the
The Department herein provides an "opinion" as to whether the
would be considered a security under the Uniform Securities Act (2004). For your convenience, we have
enclosed the letter and attachments received from you on September 10, 2004.

Background

We understand from materials you have sent to us, that is pursuing marketing activities of a service contract providing a variety of fundamental administrative services to consumers and the clients of your strategic partners in Washington and Oregon. The goal of the is to help consumers manage their personal resources in a more efficient manner by realizing savings and reducing lump sum payouts associated with higher deductibles on car insurance. For a \$325 fee, payable in optional deferred monthly installments over five years, agrees to loan a client funds of up to \$1,000 if needed to meet the deductible co-payment in the event of an accident. Repayment would be based on a minimum of \$25 per month to until fully paid. There are no costs for the loan other than the deferred \$325 fee unless the client defaults, in which case interest would accrue at a default rate of 10%. If a scheduled contribution is 10 or more days late the client may be charged 5% of the unpaid portion of the regularly scheduled payment or \$10, whichever is greater.

The typical payment plan includes \$25 payments over 40 months. Once the client accrues \$1,000 in their account, the monthly payment requirement is stopped and the deferred fee becomes payable only in the event of contract termination.

There are incentives in the form of reduced management fees for long term client loyalty. The management fee drops during years six through ten to \$200 and during years ten through fifteen to \$100. The client may terminate their participation in the at any time. However, at the time of termination, the client will be charged the deferred management fee based on the length of participation within the plan. If a client terminates participation in the Plan, the applicable fee is deducted from the amount prepaid and any surplus balance is refunded to the client. If the client does not have sufficient funds prepaid to pay the fee, the balance accrues interest at 10% until paid.

Based on a detailed description of the product, private legal opinions and interpretive letters from Washington and Colorado, is confident the product, if marketed in Idaho will not

Banks and Savings Banks	(208) 332-8005	PHONE:	(208) 332-8000	Supporting Services	(208) 332-8001
Credit Unions	(208) 332-8003	Fax:	(208) 332-8098	Mortgage Companies	(208) 332-8002
Securities	(208) 332-8004	Director's Fax:	(208) 332-8097	Finance Companies	(208) 332-8002
Money Transmitters	(208) 332-8003	Securities Fax:	(208) 332-8099	Collection Agencies	(208) 332-8002

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, President and CEO

Page 2

violate any securities, insurance or banking law. Your assertion is that the is not an insurance product or an investment opportunity in any capacity, but a simple administrative service that will expand a consumer's purchasing opportunities.

Uniform Securities Act (2004)

Idaho has adopted the Uniform Securities Act (2004) (USA) effective September 1, 2004. The Act and Rules may be found on our website at www.idahofinance.com.

The definition of a "security" is reflected under § 30-14-102(28)(d) USA as defined therein, "Security" includes as an "investment contract" an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor. The does not meet the elements found in § 30-14-102(28) USA in that there isn't an "expectation of profits to be derived primarily from the efforts of a person other than the investor."

In addition, in determining whether or not a product is a security, we also rely on case law concerning the elements considered in making this determination. Specifically, we look to the required components defined within the case of Securities Exchange Commission v. W.J. Howey Co. 328 U.S. 293 for interpretive guidance. In summary, the three components of the "Howey" test are:

1. The investment of money,
2. In a common enterprise with the expectation of profit,
3. To come solely through the efforts of others.

In our opinion, at a minimum, the fails the Howey test in that there is (1) no investment made by the client and (2) no expectation of a profit from this product. The appears to be an administrative product.

Conclusion

Based on the description included within your correspondence and attachments, it is the Department's opinion that the proposed sale of the product would not constitute an "investment contract" under the USA. This opinion is premised on the facts contained in materials provided to the Department by

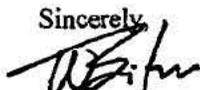
If the facts in this matter change, or are different than represented, our opinion may also change.

Please note, the Idaho Credit Code (ICC) requires that persons who regularly engage in the sale of goods or services for personal, family or household purposes, in which credit is granted and the debt is payable in installments, or a finance charge is made, shall file notification with the Department of Finance. Additional information on notification requirements under the ICC is available through the Consumer Finance Bureau on the Department's website.

It would be appropriate to directly contact the Department's Financial Institutions Bureau and the Idaho Department of Insurance if you need an opinion concerning possible conflicts with our banking or insurance law.

If you have questions or need further clarification, please contact the undersigned.

Sincerely,



Walt Bitner
Securities Analyst

WLB/wb
Enclosures

August 27, 2004

Idaho Department of Finance
700 West State Street, 2nd Floor
P.O. Box 83720
Boise, ID 83720-0031

L04-00001A
RECEIVED
SEP 10 2004
DEPARTMENT OF FINANCE

SUBJECT: REQUEST FOR NO ACTION AND LETTER REGARDING THE
IN THE STATE OF IDAHO

Dear Mr. Bitner:

References: (1) Document, CEO, to Idaho Department of Finance, Due Diligence Overview, Version 1.00," dated August 30, 2004.

Per our conversation via telephone on August 27, 2004, I am requesting the State of Idaho Department of Finance provide a "no action letter" stating:

(1) specifically whether or not the solicitation of proprietary product, the , as described in this letter and the applicable references, would constitute a violation under Idaho securities law; and

(2) that the Division and/or appropriate securities authorities (for the State of Idaho) will not recommend any enforcement action if , or the duly authorized agents and distributors thereof, sells its proprietary product, the in the state of Idaho in accordance with the product representations described in this letter and the applicable references.

In an effort to facilitate the following summary explanation and assist the department in the review of the , a comprehensive document has been included which further contains private opinions from competent and qualified counsel, as well as no-action letters from the states of Securities Division's of the States of Washington and Colorado.

To clarify the basis for this request; the majority of strategic partners maintain national sales personnel (independent and/or captive agents) that have a combination of professional licenses and/or securities registrations. Many of proposed strategic partners also maintain a broker-dealer status or broker-dealer relationship and the solicitation of any unregistered product or service, that would be deemed a securities product, would have substantial adverse effect on the distributing organization and their agents.

Based upon the private opinions obtained from a variety of competent and qualified counsel, due diligence conducted over the past five years by our proposed strategic partners, and current no action letters from various state securities regulators, is confident the will not be

deemed a securities product in the state of Idaho; however, as a matter of prudence, would like to be able to demonstrate a level of comfort to our strategic partners "prior" to the initiation of any sales activities in the state of Idaho, that the state in fact does agree with our assessment that the sale and solicitation of the as described herein and in the references included, does not present any violation of Idaho securities law.

Executive Summary

a Washington corporation, has developed the and is presently marketing the product through member of the , subsidiary of U.S.A., wholly-owned subsidiary of (NYSE:). Other "institutional" distributors are contemplating the distribution and sale of the in the state in question, including (includes Idaho and NW/NE Oregon) and

Current marketing activities are limited to the states of Washington and Oregon and are being marketed in a "beta-test" format under the express supervision of and certain officers of . Present marketing activities were initiated (in Washington and Oregon) on April 21, 2002 and are still active. This was conducted after issued a formal Outside Business Authorization (OBA) exemption to the marketing CEO and applicable agents. The OBA was generated by General Counsel upon conclusion of a fourteen month due diligence process, which included continual collaboration with counsel, General Counsel, and head counsel.

To date, (or has not received any customer complaints in any capacity (legal or otherwise) regarding the or any aspect of the program, solicitation thereof, and/or performance including (agents in the field, customer service activities, or solicitation practices. attributes this to the mandatory "training and orientation" process agents are required to attend, immediately after appointment to and prior to initiating field activities. Provided in conjunction with the training and orientation process is a descriptive and detailed 50 page agent's manual covering all aspects of the program, features and benefits, applicable provisions and conditions, fees, expenses, and acceptable marketing practices.

Objective

In conjunction with executive officers and general counsel, wishes to expand its marketing activities to the states of Idaho and, as a matter of prudence, wishes to seek a no action letter and an interpretive letter from the appropriate securities authorities in the State of Idaho.

Based upon internal and external due diligence conducted over the past five years, is quite confident that the will not violate any securities laws at the federal and/or state level and therefore will conduct internal reviews by general counsel in conjunction with seeking interpretative or no-action letters (as required) from appropriate state regulators as expands nationally.

Colorado

The original Letter of Opinion (Page 7 of the attached document), prepared by and , () of Spokane, WA, has been internally reviewed in light of applicable Idaho

statutes. has not identified any exceptional securities issues (in any capacity) and is prepared to move forward in the state of Idaho at this time, pending a no action letter (and/or a satisfactory interpretation) from the appropriate securities authorities in the State of Idaho.

Conclusion

Recognizing the workload and limited resources of the state authorities, is seeking to obtain a no action letter as expeditiously as possible in order to plan, with our strategic partners, firm target dates for initiation of sales activities in the state in question.

As a result, is fully prepared to assist the state by any means necessary, including personal appearances, within 24 to 48 hours of request or notice to facilitate and/or assist the state in the review process.

I would offer that any question the State may have may be sent directly to me via email, at the address on this letterhead, in addition to formal letter and/or telephone calls.

Per State instructions, please find the enclosed money order for \$50.00 payable to the *Idaho Department of Finance*.

Mr. Bitner, thank you for your time and guidance in this matter. I look forward to your response regarding our operational objective in Idaho.

Sincerely,

CEO

tcw

Encl: Document: Due Diligence Overview, Version 1.00," dated August 30, 2004.