

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
www.state.id.us/finance/dof.htm

February 9, 2001

Re:

Dear M

This is in reference to your letter dated December 26, 2000 regarding
(the Firm).

It appears from your letter that the Firm wishes to engage in activities as an OTC derivatives dealer and will be registered as such under the Securities Exchange Act of 1934. According to your letter, the Firm's activities will be effected through a registered broker-dealer and that all customer contact will be conducted through the registered broker-dealer.

Section 30-1402(3)(b) of the Idaho Securities Act (the Act) states that the definition of broker-dealer does not include:

"A person who has no place of business in this state if he effects transactions in this state exclusively with or through the issuers of the securities involved in the transactions, other broker-dealers or banks...whether acting for themselves or as trustee"

Since the Firm will not be in direct contact with clients and will be effecting transactions through a registered broker-dealer it appears that the Firm does not meet the definition of a broker-dealer as defined by the Act.

Notwithstanding the above, our opinion is premised on the fact that the Firm will conduct business in Idaho only through a broker-dealer that is registered in Idaho. Furthermore, our opinion is based on the facts as they are presented in your letter. If the facts change or are different than as reflected in your letter, our opinion may change as well.

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

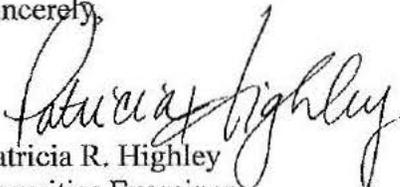
Supporting Services (208) 332-8001
Mortgage Companies (208) 332-8002
Finance Companies (208) 332-8002
Collection Agencies (208) 332-8002

EQUAL OPPORTUNITY EMPLOYER

In response to your inquiry as to withdrawal of the Firm's broker-dealer registration in Idaho, we request that the withdrawal request (BDW) is sent through CRD. It will then be sent to our office for processing.

If you have any further questions, you may contact the undersigned.

Sincerely,



Patricia R. Highley
Securities Examiner

December 26, 2000

VIA FEDEX

Ginnie Sorenson, Examiner
Department of Finance, Securities Bureau
Joe R. Williams Building
700 West State Street
Boise, Idaho 83702

RECEIVED
DEC 27 2000
DEPARTMENT OF FINANCE

Re:
(the "Firm") CRD# _____

Dear Ms. Sorenson:

This letter serves as notification of anticipated changes in the name, ownership, officers and directors and business operations of the above mentioned Firm, a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and member of NASD Regulation, Inc. ("NASDR") (CRD No. _____). The Firm is in the process of changing its business operations from a web based brokerage and advisory service to an OTC derivatives business to be conducted in accordance with the procedures set forth in a series of rules (the "OTC Derivatives Dealer Rules") under the Securities Exchange Act of 1934 (the "Exchange Act") applicable to qualifying entities called "OTC derivatives dealers" as set forth in Exchange Act Release No. 40594 (Oct. 23, 1998) (the "Adopting Release").

The Adopting Release provides that registration as an OTC derivatives dealer is available to firms that are affiliated with a full purpose broker-dealer and that limit their securities derivative activities to those enumerated in the Adopting Release. The OTC derivatives dealer is required to register as such with the SEC under Exchange Act Section 15(b) by filing Form BD and to effect its securities transactions through an affiliated full purpose broker-dealer (which is subject to applicable self-regulatory organization sales practice requirements), except in the case of transactions with certain types of professional counterparties.

Ms. Sorenson, p. 3

5. Item 8 of the Form BD will be revised to reflect that _____ will maintain accounts for the clearance, settlement and custody of the Firm's proprietary activities.
6. Item 10 of Form BD will be revised to reflect that the Firm will be acting as an "OTC Derivatives Dealer" only.

On behalf of the Firm, and in light of the SEC's requirement that an OTC derivatives dealer conduct business with its non-professional dealer customers through its affiliated full service broker-dealer, we ask that you review the proposed changes to the Firm's operations outlined above and confirm whether registration of the Firm as a broker-dealer in your state will continue to be required. If so, we would appreciate receiving your comments on what documentation, if any, it will be necessary to file with the State in addition to copies of an amended Form BD and Form BDW requesting withdrawal of the Firm's NASD membership.

Please do not hesitate to call me at _____ if you have any questions with respect to this matter.

Kindly acknowledge receipt of this filing by date-stamping the enclosed duplicate copy of this letter and returning it in the self addressed stamped envelope provided.

Very truly yours,