



**IDAHO**  
DEPARTMENT OF FINANCE

**C.L. "BUTCH" OTTER**  
Governor

**GAVIN M. GEE**  
Director

October 24, 2011

Re: Securities Exemption --  
d/b/a

Dear M

This is in response to your request that the Department confirm the availability of the exemption from registration provided by Section 30-14-201(8) of the Idaho Uniform Securities Act (2004) (IUSA). Section 30-14-201(8) of the IUSA exempts a member's or owner's interest in, or retention certificate or similar security given in lieu of a cash patronage dividend issued by, a cooperative organized and operated as a nonprofit membership cooperative.

The informational materials and organizational documents you provided indicate that investment in securities will be available only to bona fide members of the cooperative including rider members who use the system, provider members who operate routes, investors who see a benefit in better transportation, and government agencies that have a vested interest in the success of the project who have contributed capital and/or are common or preferred stock holders.

is incorporated in Idaho as a nonprofit corporation and is a member cooperative that connects existing public and private transportation providers in Idaho, Wyoming and Montana. integrates and markets its members' services as one system on its website at offers mobility management services in the region, defined as the 27 counties and 4 Indian reservations that surround and

In light of the above, we are persuaded that the proposed offering meets the conditions of the exemption. Therefore, we concur with your opinion that the Company may rely on Section 30-14-201(8) of the IUSA to make offers and sales in this state. However, please be aware that above exemption is not available for sales to persons other than bona fide members.

This opinion is based solely on your representation of the facts, and different facts may require a different conclusion. Also, please be advised that Section 30-14-201(8) only provides an

**SECURITIES BUREAU**

**Bureau Chief – Marilyn T. Chastain**  
800 Park Blvd, 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>

October 24, 2011

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exemption from the registration requirements of the IUSA, and does not exempt the issuer from the anti-fraud provisions of the IUSA.

If you have questions or comments regarding any of the matters discussed above, please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Bitner". The signature is stylized with a large, looped initial "W" and a cursive "Bitner".

Walt Bitner  
Securities Analyst

Cc:

October 12, 2011

2011 OCT 17 AM 8:03

STATE OF IDAHO  
DEPT OF FINANCE

Walt Bitner, Securities Analyst  
Idaho Department of Finance, Securities Bureau  
800 Park Boulevard, Suite 200  
Boise, Idaho 83712

Re: Securities Exemption  
d/b/a

Dear Mr. Bitner:

This is to follow-up on our previous correspondence regarding whether \_\_\_\_\_, qualifies for the securities registration exemption for cooperative organizations. Our premise is that sales of \_\_\_\_\_ memberships and stock are exempt from the registration requirements because they constitute sales to bona fide cooperative members. The issue seems to have been whether all persons who have purchased memberships or stock actually constitute bona fide cooperative members.

When the corporation was first organized, the incorporators carefully defined the rights and privileges of membership and stock ownership so that all of those persons would meet the statutory definition of bona fide members of a cooperative. That result is apparent from their publications and official business records. However, the original organizational documents of the corporation were less clear on those points. For that reason, the members and directors of the corporation have adopted Restated Articles of Incorporation and Amended Bylaws. They amended those organizational documents in order to make it crystal clear that all members, both stockholders and non-stockholders, constitute "bona fide members of a cooperative". The organizational documents now more clearly reflect the original membership structure adopted from the outset. You will find those Restated Articles of Incorporation and Amended Bylaws enclosed. I am sending the Restated Articles to be filed with the Secretary of State's Office at this time.

I believe that \_\_\_\_\_ of \_\_\_\_\_ has previously explained what has happened and what will happen with sales of memberships. There have been no other sales since your original inquiry to \_\_\_\_\_. Prior to that, there were sales in Idaho between September, 2010 and April, 2011, but no commissions were paid. The two persons who were previously involved

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in promoting memberships have been laid off for reasons unrelated to this matter. From this time on, the board of directors understands that the only two people who will be authorized to sell memberships will be officers of the corporation, who will file form U-4 prior to any further sales. The specific officers who will file for limited licensure have not yet been selected.

If there is anything else you need to conclude this matter, please let me know. If you have any questions, don't hesitate to give me a call.

Sincerely,

## Walt Bitner

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**From:**  
**Sent:** Thursday, May 19, 2011 3:37 PM  
**To:** Walt Bitner  
**Cc:**  
**Subject:**  
**Attachments:** Doc002.pdf

Dear Mr. Bitner:

Please see the attached letter which I am sending to you on behalf of the  
. Thank you for your consideration.

This communication may contain information that is legally privileged, confidential, or exempt from disclosure, and is intended solely for the addressee. If you are not the intended recipient, please be advised that reading, disseminating, distributing, or copying this communication is strictly prohibited. Anyone who receives this message in error should notify the sender immediately by calling (collect) or by return e-mail, and also permanently delete this message from his or her computer.

May 19, 2011

Patricia Highley, Senior Securities Analyst  
Walt Bitner, Securities Analyst  
Idaho Department of Finance, Securities Bureau  
800 Park Boulevard, Suite 200  
Boise, Idaho 83712

Re:

Dear Ms. Highley and Mr. Bitner:

I have been asked by \_\_\_\_\_ Executive Director of the \_\_\_\_\_ and interim manager of the \_\_\_\_\_ to respond to your letter of May 6 regarding this corporation. Let me first address your questions.

1. *Is the \_\_\_\_\_ represented by counsel and has counsel reviewed the offering documentation such as the investor questionnaire and subscription agreement?* RESPONSE: At the time of your letter, \_\_\_\_\_ did not have an on-going relationship with counsel. However, at the time of the organization of the corporation and the commencement of sales of its stock, the corporation was represented by \_\_\_\_\_ of \_\_\_\_\_ . \_\_\_\_\_ provided legal services in connection with the organization of the corporation. In addition, the \_\_\_\_\_ and the \_\_\_\_\_ provided technical guidance as to designing its capitalization approach. The employee of the corporation who was assigned to oversee that process is no longer associated with the corporation. I was hired on May 16 to address your questions.

2. *Will all of the investments listed on the last page of the brochure under the investment schedule be sold within one securities offering?* RESPONSE: \_\_\_\_\_ has not previously considered that issue, and I have not had enough opportunity yet to discuss it with the officers and directors of the corporation.

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However, my understanding is that a registered or exempt offering of one type or class of stock does not preclude the issuer from selling, at the same time, a different type or class of stock under different terms than those stated in the registered or exempt offering. In such a case, the different classes can be sold in one offering or separate offerings. If they are sold in one offering, all the classes together have to qualify for one exemption, or else be registered. If they are sold in separate offerings, the existence of contemporaneous offerings must be disclosed in all the offerings, and each offering must either be separately registered or separately qualify for an exemption. Nonetheless, if there are separate offerings, the regulatory authorities have power to aggregate the expected proceeds of all the offerings, and the expected number of buyers in all the offerings, for the purpose of determining whether the combined offerings meet the dollar-amount limitations and number-of-buyer limitations that apply to certain exemptions from registration, or whether the separate offerings were used to evade those limits. In any case, whether separate classes of stock are sold in one offering or several, and whether they are registered or exempt, the anti-fraud rules would apply.

In this case, the corporation is relying upon the exemption provided by I.C. §30-14-201(8), which covers all securities sold to "bona fide members" of the cooperative. A bona fide member of a cooperative is a person who joins the cooperative for the purpose of obtaining, and agrees to obtain, goods or services from the cooperative. I.C. §30-3-11(6) and 30-3-34. If the cooperative sells securities to persons who are not bona fide members in that sense, then those sales do not qualify for the exemption of I.C. §30-14-201(8). Accordingly, such sales would have to be segregated into a separate offering, and either registered or exempted under a different exemption rule.

I will discuss with the officers and directors whether any of these classes of stock are being sold to persons who would not constitute "bona fide members", and we will notify you whether or not that is the case and how that affects the offering.

3. *Alternatively, will some investments be sold under a separate securities offering?* RESPONSE: See the discussion under 2, above.

4. *Will the securities be offered and sold to bona fide cooperative members only, i.e., not offered and sold to outside investors?* RESPONSE: I need to examine what goods and/or services will be obtained by any and all persons who will be allowed to purchase shares of any class. Please allow me about 10 days to discuss that with the officers and directors, and we will notify you of the exact nature of the goods and/or services being obtained by all members.

5. *Will the securities be offered and sold only by officers of the Cooperative? Will salesmen for the offering be compensated? Please provide names*

May 19, 2011

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*and contact information.* RESPONSE: Two temporary employees of [redacted] have been actively selling cooperative stock in Idaho since September 2010 and have been receiving a \$10-12/hour wage plus 10-12% commission on stock sold. We will file the Agent of Issuer License Application (Form U-4) for each of them within 10 days. We anticipate that one of them will shortly cease to serve in that function, and will be replaced by an officer of the company. I assume that in that event, we can terminate the registration of the departing agent and file a U-4 for her replacement, thus avoiding going over the limit of 2 unbonded and unlicensed salespeople. If that is not correct, please let me know.

If you have any questions or concerns in the meantime, don't hesitate to contact me.

Sincerely,

## Walt Bitner

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**From:** Walt Bitner  
**Sent:** Tuesday, May 17, 2011 10:52 AM  
**To:**  
**Cc:** Patty Highley  
**Subject:** Securities Exemption –

Re: Sales Compensation

M

Thank you for taking time this morning to discuss the proposed offering of the

Concerning the issue of compensation (my question #5 in email dated 5/6/2011), you may wish to review Section 30-14-402(b)(3) of the Idaho Uniform Securities Act (2004)(IUSA). Idaho securities statutes and rules can be found on our website at [finance.idaho.gov](http://finance.idaho.gov). If your sales people are compensated they may need to register as agents of the issuer pursuant to Rule 83.02 of the IUSA. You may wish to discuss this issue with your legal counsel to determine if this law is applicable to the offering.

I look forward to your written response to the questions in my email dated May 6, 2011. Thank you in advance.

Feel free to call if you have questions.

Walt Bitner, Securities Analyst  
Idaho Department of Finance  
208 332-8076

**Walt Bitner**

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**From:** Walt Bitner  
**Sent:** Friday, May 06, 2011 8:46 AM  
**To:**  
**Subject:** Securities Exemption – dba  
**Attachments:** 20110506083920804.pdf

Ms.  
Executive Director

Re: Securities Exemption – dba

M

I have reviewed your letter and the brochure titled an investment opportunity (see attached) and ask for your clarification of the following:

1. Is the Cooperative represented by counsel and has counsel reviewed the offering documentation such as the investor questionnaire and subscription agreement?
2. Will all of the investments listed on the last page of the brochure under the investment schedule be sold within one securities offering?
3. Alternatively, will some investments be sold under a separate securities offering?
4. Will the securities be offered and sold to bona fide cooperative members only, i.e., not offered and sold to outside investors?
5. Will the securities be offered and sold only by officers of the Cooperative? Will salesman for the offering be compensated? Please provide names and contact information.

Please respond in writing via email or regular mail on or before May 19, 2011.

Thank you for your cooperation.

Walt Bitner, Securities Analyst  
Idaho Department of Finance  
(208) 332-8076

RECEIVED

2011 APR 15 AM 11:53

STATE OF IDAHO  
DEPT OF FINANCE

April 12, 2011

Idaho Department of Finance – Securities Bureau  
Attn: Walt Bittner  
PO Box 83720  
Boise, ID 83720-0031

Dear Mr. Bittner:

The \_\_\_\_\_ dba \_\_\_\_\_ is incorporated in Idaho as a nonprofit corporation. Its creation has been supported with funding under an ARRA grant from the Idaho Transportation Department that is now nearing completion. \_\_\_\_\_ is in the process of connecting existing public and private bus and shuttle providers in Idaho, Montana and Wyoming, and will be marketing their services as one integrated transportation system. By doing so, \_\_\_\_\_ will give its riders a convenient, seamless and affordable travel experience across the \_\_\_\_\_ region.

\_\_\_\_\_ intends to operate as a multi-stakeholder, not-for-profit business cooperative and is thus seeking investments through sales of common and preferred stock as shown on the enclosed investment schedule. Those agencies and entities unable to hold equity in this business cooperative may choose to purchase a membership certificate and still have a member vote. Class E stockholders (\$50) and preferred stockholders will be non-voting members according to the Linx bylaws.

While we believe we are exempt from securities registration in Idaho per the excerpt below, we are requesting a written interpretation from an Idaho examiner to affirm our understanding of the statute:

*(8) A member's or owner's interest in, or a retention certificate or like security given in lieu of a cash patronage dividend issued by, a cooperative organized and operated as a nonprofit membership cooperative under the cooperative laws of a state, but not a member's or owner's interest, retention certificate, or like security sold to persons other than bona fide members of the cooperative;*

The \_\_\_\_\_ is providing administrative services to \_\_\_\_\_ during its two-year pilot phase (2010-2011). Please respond directly to me or you may reach me in our Idaho field office if you have further questions. Enclosed is our \$50 fee, and thank you very much.

Sincerely,

Executive Director and  
Interim \_\_\_\_\_ Manager



**IDAHO**  
DEPARTMENT OF FINANCE

**C.L. "BUTCH" OTTER**  
Governor

**GAVIN M. GEE**  
Director

*Sent via email and USPS*

July 21, 2011

Re: Securities Exemption –

(Issuer)

Dear M

Thank you for the progress report concerning the pending issues addressed in my email to Ms. [redacted] of May 6, 2011 and your letter of May 19, 2011. Pursuant to our telephone conversation of July 19, 2011, my understanding is that you are in process of restating the Issuer's articles of incorporation and amending by-laws to further clarify the various common stock classes and membership certificates available in the offering. It is also my understanding that you are working with the Issuer to develop a more detailed offering memorandum.

Our file will remain pending for thirty days during which we will look for the Issuer's follow-up response to question #2, #4 and #5 in my email of May 6, 2011 to Ms. [redacted]. Your response to #5 within the letter of May 19, 2011, indicates marketing activities by unlicensed agents. Your client should cease sales until the securities are qualified either through registration or exemption and the sales agents are registered with the Department if they receive commissions or other remuneration.

If you have questions or comments regarding any of the matters discussed above, please feel free to give me a call at [redacted].

Thank you in advance.

Walt Bitner  
Securities Analyst

**SECURITIES BUREAU**  
Bureau Chief – Marilyn T. Chastain  
800 Park Blvd, Suite 200, Boise, ID 83712  
Mail To: P.O. Box 83720, Boise ID 83720-0031  
Phone: (208) 332-8004 Fax: (208) 332-8099  
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