

MIKE HUCKABEE
GOVERNOR

MAC DODSON
COMMISSIONER



HERITAGE WEST BUILDING, SUITE 300
201 EAST MARKHAM STREET
LITTLE ROCK, ARKANSAS 72201-1692
TELEPHONE: (501) 324-9260
FACSIMILE: (501) 324-9268

ARKANSAS SECURITIES DEPARTMENT

February 14, 2000

Jill M. Misage
Mays & Valentine LLP
1111 East Main Street
Richmond, Virginia 23219

Re: Southern States Cooperative, Inc.
No. 00-002

Dear Ms. Misage:

The Department has received your letters, dated January 5, and January 27, 2000, pertaining to a proposed non-underwritten offering of promissory notes by Southern States Cooperative, Incorporated ("Southern States"). You have requested guidance concerning the need to register certain employees of Southern States as agents under the Arkansas Securities Act (the "Act") in connection with the proposed offering. The facts of the proposed offering, as described in your letter, are briefly stated below.

Southern States proposes to undertake a non-underwritten, registered public offering of its unsecured promissory notes. Southern States intends to register the notes with the Securities and Exchange Commission pursuant to a registration statement on Form S-1 and anticipates that the notes will be registered either by coordination or qualification under the securities laws of all states where registration is required. Southern States will sell the notes directly through a prospectus that will be made available by it to interested purchasers. Southern States contemplates that the largest portion of the investors would consist of farmer members, their immediate family, and employees or retired employees of Southern States. However, other persons who have no pre-existing relationship with Southern States would be permitted to purchase securities. No employee of Southern States will be paid a commission or otherwise compensated in connection with the sale of the notes except that certain of its salaried employees will be engaged in activities in connection with the offering. No salesmen will be employed to solicit the sale of the notes. All subscriptions to purchase will be directed to its headquarters, and all sales will be made only through, and will be confirmed only by, designated headquarters sales personnel.

Certain employees will either be actively or tangentially involved in the offering and sale of the notes. Southern States will designate one or two persons in its headquarters who will be tasked with responsibility of overseeing all business and regulatory aspects of the offering. These individuals will be responsible for answering non-clerical inquiries, accepting or rejecting offers to purchase the notes, and overseeing the administration of the offering. These headquarter sales persons will be registered as agents in Arkansas.

Headquarters clerical assistants will provide certain administrative assistance to the sales personnel. They will mail prospectuses and related literature, answer limited questions regarding

Jill M. Misage
February 14, 2000
Page 2 of 2

the price and quantity available of certain notes, and refer customers to the sales personnel for other non-clerical information and to effect sales. These clerical assistants also will assist customers in obtaining subscription documentation, checking such documentation for completion, and forwarding completed subscriptions with funds to sales personnel for acceptance or rejection.

Retail location employees will assist Southern States in displaying the prospectus and other advertising materials describing the notes in store locations. These employees will provide the materials to interested customers, and will inform them that they may obtain more information, or may subscribe to purchase the notes, by contacting headquarters. These employees may answer generic questions about the price or quantity of notes or other similar information found in the prospectus. Personnel in these retail locations will not be soliciting sales of the notes, offering investment advice or accepting any customer payment for the notes.

Southern States believes that headquarters clerical assistants and retail location employees who perform the functions outlined above should not be required to register as agents in Arkansas. These clerical assistants and retail employees will not have the authority to enter into contracts for the sale of the notes, the authority to receive monies, or to confirm purchases of the notes. Instead, their duties will entail clerical and administrative support, assisting customers in obtaining routine information, and performing other clerical tasks related to the sale of the notes. Southern States has represented that none of these employees will receive any direct or indirect compensation in connections with the offering of the notes. Southern States believes that these employees will not be effecting sales of the notes and do not fall within the definition of agent in the Act.

Based upon the opinions and representations contained in your letter, the Staff of the Department will recommend that the Commissioner take no action to enforce the registration provisions of the Act if the headquarters clerical assistants and retail location employees that perform clerical functions outlined above and in your letter do not register as agents. The Department will require that the headquarter sales persons be registered as agents of the issuer. Please note that the position of the Department is based solely upon the representations in your letter and applies only to the offering identified therein. Different facts or circumstances might, and often would, require a different response. The position expressed deals only with anticipated enforcement action by the Department and does not purport to be a legal opinion.

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

Sincerely,


Ann McDougal
Deputy Commissioner