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## ARKANSAS SECURITIES DEPARTMENT

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September 14, 2000

Claudia Callaway  
PAUL, HASTINS, JANOFSKY & WALKER LLP  
1299 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004-2400

**RE: Arkansas "Sale of Checks Act", Ark. Code Ann. §§ 23-41-101 et seq., with regard to PayPal service offered by Confinity, Inc. and PayPlace service offered by Dynamic Transactions, Inc.**

**No-Action No. 00-009/Case No.00-185-I**

Dear Ms. Calloway:

This is in response to your letters of August 16, 2000 and August 17, 2000, wherein you ask whether the provisions of the Arkansas Sale of Checks Act (the "Act") apply to the transactions contemplated by PayPal and PayPlace with residents of the state of Arkansas. Based upon the representations contained in your letters, it is the opinion of Department that the transactions you describe, to be engaged by PayPal and PayPlace with Arkansas residents, do not require licensure with the Department pursuant to the Act.

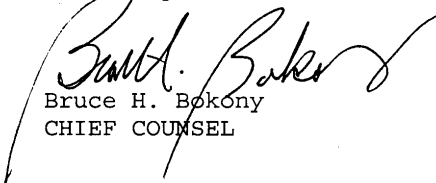
You describe the PayPal and PayPlace services as consumer-to-consumer payment services offered free of charge to United States residents who have a working e-mail address. By utilizing either the PayPal or PayPlace service, a consumer (sender) can send a payment to another consumer (recipient) by using the sender's Visa or MasterCard, with the requirement that the payment be directed to the recipient's e-mail address. You have represented the PayPal and PayPlace operations are via the internet from their headquarters in California and that there are no physical offices in Arkansas where a consumer can go to initiate a transaction.

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As pertinent to this case, the Act regulates those businesses that sell the equivalent of money orders to the public for use in payment of debts or advancements of funds where a personal check would not be acceptable, where the check being sold is a preferable means of payment, or where the individual purchaser does not have a checking account. Accordingly, the transactions you describe as contemplated by PayPal and PayPlace with Arkansas residents do not fall within the purview of the Act.

Please note that the position of the Department is based solely upon the representations contained in your letters and different facts or circumstances might, and likely would, require a different response. Should you have any questions regarding this matter, please contact the undersigned.

Sincerely,



Bruce H. Bokony  
CHIEF COUNSEL