

**STATE OF ARKANSAS  
SECURITIES DEPARTMENT**

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IN THE MATTER OF

MARK A. LEE  
WOOD FOREST ASSOCIATES, LLC  
\_\_\_\_\_

ORDER EXCLUDING  
INDIVIDUAL AND CORPORATION  
FROM INVESTMENT ADVISER  
DEFINITION PURSUANT TO  
ARK. CODE ANN. § 23-42-102(8)(F)  
NO. 00-040-S

**FINDINGS OF FACT**

1. On July 19, 2000, a letter was received by the Arkansas Securities Commissioner requesting that Mark A. Lee (“Lee”) be determined to be excluded from the definition of an investment adviser as set forth in Ark. Code Ann. § 23-42-102(8)(F) for the purpose of rendering investment advice for a fee for Wood Forest Associates, LLC (“WFA”), and to no more than five clients in a given year.

2. On September 7, 1999, the Arkansas Securities Commissioner (“Commissioner”) entered an Order, No. 99-052-S, excluding Lee from the definition of an investment adviser under Ark. Code Ann. §23-42-102(8)(F) for the purpose of advising Talisman Capital, Inc. (“Talisman”) and the Talisman Capital Opportunity Fund, LP (the “Fund”) and no more than five additional clients, provided Lee complies with the conditions set forth in the Order. Lee has complied with Order No. 99-052-S.

3. Lee is a resident of the State of Arkansas and Talisman and WFA are corporations organized under the laws of the State of Delaware with their principal place of business located in the State of Arkansas. Talisman was exempted from the definition of an investment adviser by order (“Order No. 97-20-S”) of the Commissioner on April 14, 1997.

4. Talisman is the general partner of the Fund, a limited partnership organized under the laws of the State of Delaware, which will receive investment advice for a fee from Lee.

Limited partners in the Fund who are Arkansas residents are required to possess a minimum net worth, excluding home, furnishings, and automobiles, of \$5,000,000.

5. WFA is to be the General Partner of Forest Hill Partners, LP (“FHP”), a limited partnership organized under the laws of the State of Delaware, which is to receive investment advice for a fee from WFA and Lee. Limited partners in FHP who are Arkansas residents will be required to have a minimum net worth, excluding home, furnishings and automobiles, of \$1,500,000.

6. Lee has agreed that this Order is conditional upon compliance, not only with the findings set forth above, but also with the following:

- (a) Lee will prominently disclose to the Fund, FHP and all other clients that he has been exempted by this Order from the investment adviser registration provisions of the Arkansas Securities Act (the “Act”);
- (b) Lee agrees to allow the Commissioner to inspect his books and records and to provide information requested by the Commissioner for the purpose of investigating customer complaints or other potential violations of the Act or the Rules of the Arkansas Securities Commissioner (the “Rules”);
- (c) Lee acknowledges that his activities will be subject to Ark. Code Ann. § 23-42-507 and to Rule 308.02 of the Rules;
- (d) Lee acknowledges that he will limit his clients to the Fund, FHP and no more than five clients in a given year. As of this time, Lee has had long-term relationships with his clients, all investors in the Fund, and all

anticipated investors in FHP, all of which are accredited investors within the meaning of Regulation D, §230.501 (Rule 501) of the Securities Act of 1933 with a minimum net worth in excess of \$1,000,000 (“Accredited Investors”).

- (e) Lee acknowledges that all securities recommended to his clients will be registered, exempted or classified as covered securities under the Securities Act of 1933, the Securities Exchange Act of 1934, or the Arkansas Securities Act.
- (f) This Order is discretionary and applies only to advice rendered by Lee to the Fund, to FHP, and to no more than five clients each year.

#### **CONCLUSIONS OF LAW**

1. Ark. Code Ann. § 23-42-102(8)(F) provides that the term “Investment Adviser” does not include persons not within the intent of this [subsection] as the Commissioner may by rule or order designate.

2. It is not necessary or appropriate in the public interest for the protection of investors to require the registration of Lee as an investment adviser under the Act in view of the limited nature of the advice being given, the limited number of persons receiving the advice, and the nature and sophistication of his clients.

#### **OPINION**


In recognition of the representations made by Lee, particularly concerning the limitation of advice being given to only persons having a net worth in excess of \$1,500,000 who reside in Arkansas, it does not appear necessary in order to protect such investors that Lee or WFA should be required to register as an investment adviser under the Act. Such investors are amply able to

adequately look to their own interests and make their own determinations regarding the appropriateness of such advice. Particularly is this the case where disclosure of the Order will be required and Lee has agreed to be bound by the antifraud provisions of the Act and the Rules pertaining to unethical practices by investment advisers.

**ORDER**

IT IS THEREFORE ORDERED that Mark A. Lee and Wood Forest Associates, LLC are excluded from the definition of an investment adviser under Ark. Code Ann. § 23-42-102(8)(F) for the purpose of advising Talisman Capital Opportunity Fund, LP, Forest Hill Partners, LP, and no more than five clients in a given year, provided that he complies with the conditions set forth in this Order.

WITNESS MY HAND AND SEAL this 2<sup>nd</sup> day of August 2000.

  
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MAC DODSON  
SECURITIES COMMISSIONER