

July 27, 2001

L. Randolph Mano
Miller & Schrader
10816 Executive Center Drive, Suite 200
Little Rock, Arkansas 72211

Re: Arkansas Physicians Management, Inc.
No-Action: 01-006

Dear Mr. Mano:

The Department has received your letter, dated July 25, 2001, regarding the sale of common stock of Arkansas Physicians Management, Inc. ("AMPI") from Dr. Charles Barg to Dr. Torin Gray. You have requested confirmation that the staff will recommend that the Commissioner take no action to enforce the registration provisions of the Arkansas Securities Act (the "Act") with respect to the proposed transaction. The facts of the proposed transaction, as described in your letter, are briefly stated below.

APMI was incorporated on September 20, 1994. There are presently 156,932 shares of stock outstanding. Fifteen shareholders received their shares directly from APMI in 1995 pursuant to an exemption from registration provided by then Rule 504.01(a)(15)(A)(6). Dr. Barg holds 4,544 shares of stock and is a director. The Board of Directors consists of six individuals including Dr. Barg. Dr. Barg proposes to sell 2,272 shares to Dr. Torin leaving Dr. Barg and Dr. Torin with 2,272 shares each.

It is your opinion that Dr. Barg does not have the power to direct or cause the direction of the management or policies of APMI through his ownership of stock representing three percent (3%) of the outstanding shares or by his position as a director allowing him voting control of one sixth of the votes of the Board of Directors. Dr. Barg is not an officer of APMI. It is your opinion that the sale of securities does not directly or indirectly benefit APMI but is for the benefit of Dr. Barg personally. You believe that because that Dr. Barg does not have the power to direct the management or policies of APMI pursuant to the definition of control under Rule 102.01(8) that Dr. Barg should not be considered an issuer as defined by Section 23-42-102(9); therefore, the sale of stock by Dr. Barg would qualify as an isolated non-issuer transactional exemption from registration pursuant to Section 23-42-504(a)(1).

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Based upon these facts, as well as your opinions, the Staff will recommend that the Commissioner take no action to enforce the registration provisions of the Arkansas Securities Act with regard to the sale of stock of APMI by Dr. Barg. Please note that the position of the Staff is based solely upon the representations made in your letter and applies only to the transaction 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.

Should you have any questions regarding this matter, please contact me at my direct line indicated above.

Sincerely,

Ann McDougal
Deputy Commissioner