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ARKANSAS SECURITIES DEPARTMENT

October 3, 2001

John S. Selig
Mitchell, Williams, Selig, Gates & Woodyard, PLLC
425 West Capitol Avenue, Suite 1800
Little Rock, Arkansas 72201-3525

Re: Arkansas Security Capital Corporation
No. 01-008

Dear Ms. Meyers:

The Department acknowledges receipt of your letter, dated August 16, 2001, regarding the current capitalization plan of Arkansas Security Capital Corporation (the "Company"), which consists of three stages. 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 transactions. A brief summary of the facts surrounding these transactions, as more fully described in your letter, is set forth below.

The Company's current capitalization plan consists of three stages: 1) a private offering of the Company's common stock to pay preliminary expenses (the "First Offering"); 2) a second private offering of stock to acquire and initially capitalized an Arkansas life insurance subsidiary and to pay start-up costs (the "Second Offering"); and 3) an intrastate public offering of stock to Arkansas residents to further capitalize the Company and its life insurance subsidiary (the "Public Offering"). The First and Second Offering will be made pursuant to Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933 (the "Securities Act"). The Second Offering is expected to occur more than six months after the First Offering. Under Rule 502(a) of Regulation D, an offering made pursuant to Regulation D will not be integrated with a subsequent Regulation D offering made more than six months after the initial offering. Under state securities law, no integration problems exist with respect to the Private Offerings as long as the securities to be offered qualify as covered securities pursuant to the National Securities Markets Improvement Act of 1996 ("NSMIA").

Rule 152 under the Securities Act states that the private offering exemption under Section 4(2) of such Act shall remain available even though an issuer subsequently decides to conduct a public offering and or files a registration statement. In your letter, you represented that the staff of the Securities and Exchange Commission has taken a

"no-action" position based on an inquiry that is substantially similar to this case where a company conducted a private offering followed within six months by a registered public offering, notwithstanding the company's contemplation of the public offering at the time of the private offering. In addition, it is your position that the two offerings meet the requirements of Rule 502(a) of Regulation D in that the two offerings are sufficiently distinct in nature that they should not be considered integrated.

Based upon the opinions and representations contained in your letter, the Department will recommend that the Commissioner take no action to enforce the registration provisions of the Act if the capitalization plan is completed in the manner described in your letter. Please note that the position of the Department is based solely upon the representations in your letter and applies only to the transactions 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