

**STATE OF ARKANSAS  
SECURITIES DEPARTMENT**

---

**IN THE MATTER OF**

**Covenant Medical Benefits, Inc.**

---

**ORDER PROVIDING A  
TRANSACTIONAL EXEMPTION  
FROM REGISTRATION  
NO. 01-034-S**

**FINDINGS OF FACT**

1. On August 17, 2001, a letter was received by the Arkansas Securities Commissioner requesting that the proposed offering and sale of 100% of the issued and outstanding common stock of **Covenant Medical Benefits, Inc.** ( the “Company”), to Orville A. Guinn (the “Interest”) of the Company (the “Transaction”), be determined to be an exempt transaction pursuant to Ark. Code Ann. Section 23-42-504(a)(12).
2. The Company is a corporation organized under the laws of the State of Arkansas. The Interest consists of 100% of the issued and outstanding common shares of the Company presently owned by H. Wayne Carroll (the “Seller”).
3. The buyer will be Orville A. Guinn (the “Buyer”).
4. An exemption from registration has been request pursuant to the Commissioner’s discretionary authority under Ark. Code Ann. Section 23-42-503(a)(12). The Seller and the Buyer have been fully and completely involved in the negotiation of an agreement for the sale of the Interest, and they have been afforded the opportunity to be represented by counsel in the Transaction. The Buyer has had access to financial and other information concerning the Company as is necessary to make an informed investment decision. Based upon the foregoing, the Transaction is not the type the Arkansas Securities Act (the “Act”) was designed to protect by requiring registration.

**CONCLUSIONS OF LAW**

1. Under Section 23-42-504(a)(12) of the Act, the Commissioner may, by order, exempt certain transactions from Sections 23-42-501 and 23-42-502 of the Act as not being necessary or appropriate in the public interest or for the protection of investors.
2. It is not necessary or appropriate in the public interest or for the protection of investors for the Seller to be required to register the Transaction under the Act for the purposes of the contemplated offering.
3. It is not necessary or appropriate in the public interest or for the protection of investors for the Seller to be required to engage the services of a registered agent for the purpose of making sales of the Company's securities.

**OPINION**

In recognition of the representations made by the Seller, it appears registration of this Transaction is unnecessary in this instance.

This Order does not exempt the parties from the anti-fraud provisions of the Act.

**ORDER**

IT IS THEREFORE ORDERED that securities of **Covenant Medical Benefits, Inc.** offered or sold in Arkansas for the proposed Transaction, if offered and sold in compliance with the representations made in the letter of August 17, 2001, and in accordance<sup>4</sup> with the Findings of Fact stated herein, shall be exempted from Section 23-42-501 and Section 23-42-502 of the Act.

WITNESS MY HAND AND SEAL this 21<sup>st</sup> day of August, 2001.



---

MAC DODSON  
SECURITIES COMMISSIONER