

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

ARKCO MACHINE PRODUCTS, INC.

**ORDER PROVIDING A
TRANSACTION EXEMPTION
FROM REGISTRATION
No. 02-006-S**

FINDINGS OF FACT

1. On February 20, 2002, a letter was received by the Arkansas Securities Commissioner requesting that the proposed redemption of 100 shares of common stock, which constitutes 100% of the issued and outstanding capital stock (the "Stock") of ARKCO Machine Products, Inc. (the "Company") by the Company and the simultaneous issuance of 400 shares of common stock to Matt Owens (the "Transaction"), be determined to be an exempt transaction pursuant to Ark. Code Ann. § 23-42-504(a)(12).
2. The Company is a corporation organized under the laws of the State of Arkansas on August 15, 1978. Presently the stock consists of 100 issued and outstanding shares of common stock in the Company. This stock will be redeemed at the same time as 400 new shares of stock are issued to Mr. Matt Owens pursuant to a Subscription Agreement.
3. An exemption from registration has been requested pursuant to the Commissioner's discretionary authority under Ark. Code Ann. § 23-42-504(a)(12). The Company and the Buyer have been involved in the negotiation of a Redemption Agreement and a Subscription Agreement.

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") is 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 not being necessary or appropriate in the public interest for the protection of investors.**
- 2. It is not necessary or appropriate in the public interest for the protection of investors for the Company 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 for the protection of investors for the Company to be required to engage the services of a registered agent for the purpose of making sales of the Company's securities.**

OPINION

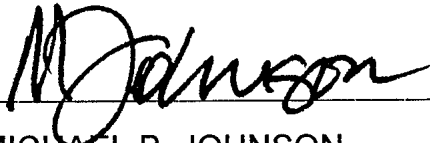
In recognition of the representations made by the Company, it appears registration of this Transaction is unnecessary in this instance.

This order does not exempt the Company or any of its shareholders from the antifraud provisions of the Act.

ORDER

IT IS THEREFORE ORDERED that any securities of ARKCO Machine Products, Inc. offered or sold in Arkansas for the proposed Transaction, if offered and sold in compliance with the representations made in the letter dated February 20, 2002, and in accordance with the Findings of Fact stated herein, be exempted from Sections 23-42-501 and 23-42-502 of the Act.

WITNESS MY HAND AND SEAL this 26th day of February 2002.

A handwritten signature in black ink, appearing to read "M. Johnson", is written over a horizontal line.

MICHAEL B. JOHNSON

ARKANSAS SECURITIES COMMISSIONER