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July 10, 2003

VIA FACSIMILE (212) 558-3588  
and U.S. Mail

Ms. Jennie Getsin  
SULLIVAN & CROMWELL LLP  
125 Broad Street, 24<sup>th</sup> Floor  
New York, New York 10004-2498

**Re:   AIG Liquidity Corp.,  
      Request for "No-Action" Letter**

**No. 03-90000313-NA012**

Dear Ms. Getsin:

The staff of the Arkansas Securities Department has reviewed your letter of June 27, 2003, along with its enclosures: a draft prospectus on Liquid Facility Obligations ("LFOs") issued by AIG Liquidity Corp. ("AIG-LC") and its supplement specific to Tendered Hospital Authority No. 1 of Lancaster County, Nebraska, Hospital Revenue Funding Bonds, Series 1996 ("Bonds"). As counsel for AIG-LC, you have requested the staff to confirm that it will recommend that the Arkansas Securities Commissioner take no action to enforce the registration provisions of the Arkansas Securities Act, Ark. Code Ann. § 23-42-101 *et seq.* (the "Act"), as they pertain to the issuance of the LFOs in conjunction with the tender and remarketing of the Bonds. The pertinent facts surrounding the issuance of the LFOs, as understood from your letter and its enclosures, are briefly stated below.

The Bonds were issued on June 3, 1996 by the Hospital Authority No. 1 of Lancaster County, Nebraska (the "Authority"). You represent that the Bonds are "municipal securities" and contend exemption from the registration provisions of the Act pursuant to Ark Code Ann. § 23-42-503(a)(1)(A).<sup>1</sup> However, that section provides exemption for those securities issued or guaranteed by the state of Arkansas or any political subdivision of this state. Nonetheless, based upon your representation that the Bonds are "municipal securities," the staff interprets that representation to mean that the

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<sup>1</sup> In your letter of June 27, 2003, you cite the applicable statutory provision as "Section 23-42-503(1)(A)". The staff interprets your letter to mean "Section 23-42-503(a)(1)(A)."

Authority is a “political subdivision” or “public instrumentality” of the state of Nebraska, as those terms are used in Section 3(a)(2) of the Securities Act of 1933, 15 U.S.C. § 77c(a)(2). Accordingly, with that interpretation, the Bonds are “covered securities” as defined by Ark. Code Ann. § 23-42-102(4)<sup>2</sup> and exempt from the registration requirements of the Act pursuant to Ark. Code Ann. § 23-42-501(3).

According to your letter and the prospectus supplement, the LFOs are an integral part of the tender and remarketing of the Bonds, serving as a standby device to ensure purchase pursuant to certain voluntary and mandatory tender options of the Bond holders. It is represented that the LFOs are not being offered separately from the Bonds, are not severable from the Bonds, and have no value apart from the Bonds. It is your position that because the Bonds are exempt from the registration requirements of the Act and that the LFOs are an integral, non-separable part of the Bonds, having no separate, independent value therefrom, the LFO’s should equally not be subject to the registration provisions of the Act.

Based upon the position and representations contained in your letter and its enclosures, the staff will recommend that the Arkansas Securities Commissioner take no action to enforce the registration provisions of the Act if the LFOs are issued and offered in the manner described. Please note that the recommendation of the staff is based solely upon the representations made in your letter and its enclosures and pertains 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 Arkansas Securities Department and does not purport to be a legal opinion.

Please contact the undersigned should you have any questions regarding this letter.

Sincerely,  
Bruce H. Bokony  
Chief Counsel

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<sup>2</sup> Ark. Code Ann. § 23-42-102(4) defines a “covered security” to mean any security described as a covered security in Section 18(b) of the Securities Act of 1933. For purposes of this letter, it particularly refers to Section 18(b)(4)(C) of the Securities Act of 1933, 15 U.S.C. § 77r(b)(4)(C).