

October 20, 2003

Scott E. Wray  
Bassett Law Firm  
PO Box 3618  
Fayetteville, Arkansas 72702-3618

Re: H.M.I. Recycling & Disposal, Inc.  
No-Action: 03-90000317-NA016

Dear Mr. Wray:

The Department has received your letter, dated October 10, 2003, regarding the sale of common stock of H.M.I. Recycling & Disposal, Inc. ("HMI") from S. Shannon and Melissa Weathers to Scott and Cheryl Zotti. 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.

Four individual formed and currently own a one-fourth (1/4) interest in HMI, an Arkansas Corporation. These four individuals are two married couples. S. Shannon and Melissa Weathers seek to transfer their one-half (1/2) interest to Scott and Cheryl Zotti, the other two shareholders. The proposed transaction would be executed pursuant to written agreement created for this transaction. Rule 504.01(a)(12)(k) exempts any transaction between a corporation and its security holders or among the security holders themselves in connection with a written agreement between such persons concerning the sale or exchange of the security holders' interest. The rule is a self-executing exemption and it is unnecessary to file a proof of exemption with the Department. A written agreement drafted in anticipation of the proposed transaction and executed at the time of the transaction will satisfy the "written agreement" requirement contained in the rule.

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 HMI by S. Shannon and Melissa Weathers. 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 501-324-8685.

Sincerely,

Ann McDougal  
Deputy Commissioner