

ASA HUTCHINSON
GOVERNOR

B. EDMOND WATERS
COMMISSIONER



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ARKANSAS SECURITIES DEPARTMENT

April 13, 2015

Mr. Mike Cone
Lyons & Cone, PLC
407 South Main
PO Box 7044
Jonesboro, AR 72403

Re: Jim Melescue
No-Action 15-NA-0002

Dear Mr. Cone:

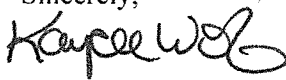
The Arkansas Securities Department ("Department") has received your request dated March 16, 2015, ("Request") regarding the redemption of Jim Melescue's stock by Trinamic Corporation and Hi-Tech Properties, LLC. The Request seeks confirmation that the Staff of the Department ("Staff") will not recommend that the Arkansas Securities Commissioner take enforcement action against Jim Melescue for violations of the Arkansas Securities Act ("Act"), with respect to the proposed transactions described in the Request. I have attached a copy of the Request to avoid reciting or summarizing the facts that you have presented.

Based upon the opinions and representations set forth in the Request, the Staff will not recommend enforcement action under Ark. Code Ann. § 23-42-501 should the transactions proposed take place as set forth in the Request. In issuing this no-action letter, the Staff considered the transactional exemption available under Ark. Code Ann. § 23-42-504(a)(12)(J).

Please note that the Staff's position is based solely upon the representations in the Request and applies only to the transactions and facts as represented in the Request. Different facts or circumstances might, and often would, require a different response. The Staff only expresses its position as to the recommendation of formal enforcement action and does not purport to be a legal opinion or formal conclusion.

We also direct your attention to the anti-fraud provisions of the Act and Rules of the Arkansas Securities Commissioner ("Rules") that remain applicable to the transaction. Responsibility for compliance with the Act and Rules rests with the participants in the transactions described in the Request.

If you should have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

Kaycee Wolf
Staff Attorney

Enclosure

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March 9, 2015

Mr. B. Edmond Waters
Securities Commissioner
Attn: Kacey Wolfe
Arkansas Securities Department
Heritage West Building, Suite 300
201 East Markham Street
Little Rock, Arkansas 72201-1692

RECEIVED
15 MAR 16 AM 8:12
ARKANSAS SECURITIES DEPT.

Re: Rule 504.01(a)(12)(J) Exemption

Dear Ms. Wolf:

Our firm represents Jim Melescue, who owns one-third (1/3) of the shares of the outstanding capital stock in Trinamic Corporation ("Trinamic") as well as a one-third (1/3) membership interest in Hi-Tech Properties, LLC ("Hi-Tech"). The remaining shares and membership interests in the aforementioned entities are owned equally by Steve Smith and Harry Herget. Mr. Melescue wishes to sell his shares of stock back to Trinamic and sell his membership interest back to Hi-Tech pursuant to redemption agreements with the respective entities and their shareholders/members. We request an interpretive opinion or no action letter from the Staff of the Arkansas Securities Department that such redemption agreements are determined to be exempted transactions under Ark. Code Ann. § 23-42-504(a)(12) and accompanying regulations.

Facts

Trinamic is a for profit corporation organized under the laws of the State of Arkansas and is in good standing. Mr. Melescue has offered to have his one-third (1/3) shares of outstanding capital stock in Trinamic redeemed by Trinamic pursuant to the redemption agreement. Mr. Melescue and the remaining shareholders of Trinamic have fully and completely been involved in the negotiation of the proposed redemption agreement. All parties to the agreement have had access to financial and other information necessary to make an informed decision. No commission or other remuneration will be paid to any person for the proposed redemption. The initial issuance of the shares was exempted from registration under Rule 504.01(a)(12)(A) of the Rules of the Arkansas Securities Commissioner.

Hi-Tech is a limited liability company organized under the laws of the State of Arkansas and is in good standing. Mr. Melescue has offered to have his one-third (1/3) membership interest in Hi-Tech redeemed by Hi-Tech pursuant to the redemption agreement. Mr. Melescue and the remaining members of Hi-Tech have fully and completely been involved in the negotiation of the proposed agreement for the redemption of a one-third (1/3) membership interest. All parties to the agreements have had access to financial and other information necessary to make an informed decision. No commission or other remuneration will be paid to any person for the proposed redemption. The initial issuance of the membership interest was exempted from registration under Rule 504.01(a)(12)(A) of the Rules of the Arkansas Securities Commissioner.

Issue

Whether the redemption agreements as described above would qualify as transactions exempt from registration under Ark. Code Ann. § 23-42-504 pursuant to Rule 504.01(a)(12)(J) of the Rules of the Arkansas Securities Commissioner.

Legal Analysis

504.01 TRANSACTIONS EXEMPT UNDER SECTION 23-42-504(a) OF THE ACT.

(a) SPECIFIC TYPES OF EXEMPT TRANSACTIONS

Discretionary Exemptions. The following transactions have been determined by the Commissioner to be exempt from the registration requirements of Section 23-42-501 of the Act, the registration having been found to be not necessary or appropriate in the public interest or for the protection of investors. These transactions are not exempt from the remaining provisions of the Act or the Rules, including Section 23-42-507 of the Act.

(J)Security Holder Agreement. Any offer, sale, purchase, or other transaction between a corporation, limited liability company, limited liability partnership, limited partnership, joint venture, or partnership and its security holders or among the security holders themselves in connection with a written agreement between the persons concerning the buy-back, sale, exchange or other contractual agreement of the security holders' interest that has been entered into prior to or at the time of the transaction provided the following:

- (i) There are no more than thirty-five (35) persons party to the agreement;
- (ii) Each person acquiring the security has access to information concerning the issuer at the time of entering into the agreement;
- (iii) No commission or other remuneration is paid or given directly or indirectly to any person for the sale, disposition, or transfer of the security; and
- (iv) The underlying securities when issued were registered or exempt from registration under the Act.

Analysis

The proposed redemption between Mr. Melescue and Trinamic qualifies as an exempted security holder agreement under self-executing rule 504.01(a)(12)(J) because there are less than thirty-five (35) persons to the agreement, each person has had access to information necessary to make an informed decision prior to entering into the agreement, no commission or other remuneration will be paid to any person for the sale, and the shares of Trinamic were exempt from registration when issued under Rule 504.01(a)(12)(A).

The proposed redemption between Mr. Melescue and Hi-Tech would qualify as an exempted security holder agreement under self-executing rule 504.01(a)(12)(J) because there are less than thirty-five (35) persons party to the agreement, each person has had access to information necessary to make an informed decision prior to entering into the agreement, no commission or other remuneration will be paid to any person for the sale, and the membership interests in Hi-Tech were exempt from registration when issued under Rule 504.01(a)(12)(A).

Opinion

Based upon the foregoing facts, our firm is of the opinion that such transactions fall under Rule 504.01(a)(12)(J). As such, they are not the type of transactions which are necessary or appropriate in the public interest for the protection of investors to require registration.

Request

Our client hereby requests an interpretive opinion or no action letter from the Arkansas Securities Department that the proposed redemption agreements do not require registration under the Arkansas Securities Act and that, as a result, the Arkansas Securities Department will neither take nor recommend enforcement action against Mr. Melescue if the respective entities were to redeem his interests in the entities as set forth herein.

Sincerely,



Mike Cone

MC/ab