

23 January 1998

Charles C. Price, Esq.

WRIGHT, LINDSEY & JENNINGS LLP

200 West Capitol Avenue, Suite 2200

Little Rock, Arkansas 72201

Re: Thomas Cook Group Limited and American Express Company

No Action No. 98-002

Dear Mr. Price:

I am in receipt of your letter dated 19 December 1997, from which I gathered the following salient facts. The Thomas Cook Group Limited and the American Express Company (the Companies) have subsidiaries and affiliates in this state that issue and sell travelers checks and provide foreign currency services. The Thomas Cook Group is a British corporation with American and foreign subsidiaries and affiliates, and the American Express Company is an American corporation with foreign subsidiaries and affiliates. The following subsidiaries and affiliates of American Express (the foreign ones in italics) are licensed in Arkansas: American Express Travel Related Services Company, Inc., a New York corporation, licensed since 1983; Societe Francaise Du Cheque De Voyage, a French corporation, licensed since 1981; Travellers Cheque Associates, Ltd., a British corporation, licensed since 1983. The Thomas Cook Group is a British corporation wholly owned by Westdeutsche Landesbank Girozentrale, a German bank. The following wholly-owned subsidiaries of the Thomas Cook Group (the foreign ones in italics) are licensed in Arkansas: Interpayment Services, Ltd., a British corporation, licensed since the late 1980's; Thomas Cook Australia PTY Ltd., an Australian corporation, licensed since 1995; Francheque S.A., a French corporation; Thomas Cook Currency Services, Inc., a Delaware corporation, licensed since 1995; and Thomas Cook, Inc., another domestic corporation.

The Companies and their subsidiaries and affiliates are subject to the Arkansas Sale of Checks Act, codified at Ark. Code Ann. 23-41-101, et seq. (Repl. 1994) (the Act), which is administered by the Arkansas Securities Commissioner (the Commissioner). In accordance with 23-41-120(a) each licensee must submit annually to the Commissioner audited financial statements within ninety days of the end of the licensee's fiscal year.

You state in your letter that this practice is consonant with accounting practices utilized by American corporations. This practice is not the same as that used by the foreign affiliates of both companies and the Thomas Cook Group (the Foreign Entities), however. Because of the different laws and practices under which the Foreign Entities operate, you state that the Companies will not be able to supply audited financial statements by that date. In a telephone conversation you had with a member of my staff we learned that the audited financials of the Companies and their subsidiaries and affiliates are produced as one project, which puts the domestic subsidiaries and affiliates of the Companies under the same disadvantage as the Foreign entities.

In your letter and the above referenced telephone call, you propose to remedy this matter as follows: the Companies will file interim financials on or before the 90th day following the fiscal year and

audited financials seventy-five days later, i.e., on or before the 165th day after the close of the fiscal year.

As you noted in your letter, the purpose of the Act is to ensure the safety and soundness of financial institutions in Arkansas. Also as noted in your letter, there has never been a question raised about the safety or soundness of the Companies or any of their subsidiaries or affiliates. It appears that the purposes of the Act can be met by your proposal. It is not clear from the Act that the Commissioner can waive the requirement that audited financials be filed within ninety (90) days of the fiscal year. However, if the Companies make the appropriate filings as set out in the paragraph immediately above, as you propose, I will take no action against the Companies or any of their subsidiaries or affiliates.

This standing extension of time applies only to the Companies and the named subsidiaries and affiliates named above. I will revoke the extension should any of the Companies, their subsidiaries or affiliates fail to comply with the Act or if it appears that its financial condition becomes impaired. You should also note that this decision will not be binding on any succeeding Commissioner.

I agree with the comments in you letter about revisions to the Act. My staff and I stand ready and willing to assist in an effort to make revisions, provided, of course, that we agree with any proposed revisions and they meet with the Governor's approval.

Best regards,

MAC DODSON
SECURITIES COMMISSIONER