

October 6, 1998

Robert L. Ducklo, III

Gerrish & McCreary, P.C.

700 Colonial Road, Suite 200

Memphis, Tennessee 38117

Re: The Southern Bank of Commerce
No. 98-013

Dear Mr. Ducklo:

The Department has received your letters, dated September 18, 1998 and October 5, 1998, regarding the proposed offering of stock of The Southern Bank of Commerce (the "Bank"). To provide the initial capital to commence operations, the Bank intends to offer and issue shares of its stock to interested investors. You have requested that the Department clarify that no filing of any kind is required with the Department and that the staff of the Department recommends to the Commissioner that no enforcement action be taken if no filings are made.

Ark. Code Ann. § 23-42-509(d) states that the Commissioner, by rule or order, may require the filing of any document filed with the Securities and Exchange Commission under the Securities Act of 1933 with respect to a covered security under Section 18(b)(3) or (4) of the Securities Act of 1933, other than those securities under subsection (b) of this section, together with a fee in the amount of one hundred dollars (\$100). Rule 509.01(C) of the Rules of the Arkansas Securities Commissioner (the "Rules") states that a notice filing is not required for a covered security under Section 18(b)(3) or (4) of the Securities Act 1933, except as set forth in Rule 509.01(B). Rule 509.01(B) addresses notice filings for covered securities under Section 18(b)(4)(D). Since you represent that the securities being offered by the Bank are covered securities under Section 18(b)(4)(C) of the Securities Act of 1933, no filing of any kind is required to be made with the Department.

Based upon the representations and opinions expressed in your letter, the staff will recommend that the Commissioner take no action to enforce the notice filing provisions of the Arkansas Securities Act if the transaction relies on the provisions for covered securities provided for in the Rule 509.01(C). Please note that the position of the Department is based solely upon the representations 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.

If you have any questions, please contact me at 501-324-8685.

Sincerely,

Ann McDougal
Assistant Commissioner