

STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF

CHARTENDURE, LIMITED

ORDER PROVIDING A
TRANSACTIONAL EXEMPTION
FROM REGISTRATION

NO.99-033-S

FINDINGS OF FACT

1. On June 29, 1999, a letter was received by the Arkansas Securities Commissioner describing a proposed sale of one hundred percent (100%) of the outstanding shares of Chartendure (the "Company") to PQ Acquisition Company II, Inc., an Arkansas corporation to be formed by and as a wholly-owned subsidiary of PetQuarters, Inc., an Arkansas business corporation ("PetQuarters," and collectively with the subsidiary, the "Purchaser"), (the "Transaction") requesting that the transaction be determined to be an exempt transaction pursuant to Ark. Code Ann. Section 23-42-504(a)(12).
2. The Company is a U.K private limited company. The transaction consists of 100 shares of authorized share capital of £1 each owned by Patric Judge, Hugh O'Neill, and Thomas McMeekin (the "Sellers").
3. The Transaction will be effected by the Purchaser through PQ Acquisition Company II, Inc., an Arkansas corporation to be formed by and as a wholly-owned subsidiary of PetQuarters, Inc. in exchange for shares of common capital of PetQuarters. The transfer will be effected in four installments of 26%, 23%, 26% and 25% for a total of 100% of the shares to be effected as PetQuarters and Chartendure achieve certain benchmarks concerning the design of a new internet web site and in accordance with the Letter of Intent signed by the Sellers and the Purchaser.
4. An exemption from registration has been requested pursuant to the Commissioner's discretionary authority under Ark. Code Ann. Section 23-42-504(a)(12). The Sellers and the Purchaser have fully and completely been involved in the negotiation of an agreement for the exchange of the Stock, and they have been represented in these negotiations by counsel. The Purchaser has had access to financial and other information concerning the Company as is necessary to make an informed investment decision. Based upon the foregoing, the Transaction is not the type the Arkansas Securities Act (the "Act") is designed to protect by requiring registration, particularly when what is involved is the sale of a business.

CONCLUSIONS OF LAW

5. Under Section 23-42-504(a)(12) of the Act, the Commissioner may by order exempt certain transactions from Sections 23-42-501 and 23-42-502 of the Act as not being necessary or appropriate in the public interest for the protection of investors.
6. It is not necessary or appropriate in the public interest for the protection of investors for the Sellers to be required to register the Transaction under the Act for the purposes of the contemplated offering.
7. It is not necessary or appropriate in the public interest for the protection of investors for the Sellers to be required to engage the services of a registered agent for the purpose of making sales of the Company's securities.

OPINION

8. In recognition of the representations made by the Sellers, it appears registration of the transaction is unnecessary in this instance.
9. This order does not exempt the Sellers from the antifraud provisions of the Act.

ORDER

IT IS THEREFORE ORDERED that any securities of the Company offered or sold in Arkansas for the proposed Transaction, if offered and sold in compliance with the representations made in the letter dated June 28, 1999, and in accordance with the Findings of Fact stated herein, shall be exempted from Sections 23-42-501 and 23-42-502 of the Act.

WITNESS MY HAND AND SEAL this 1st day of July, 1999

MAC DODSON

SECURITIES COMMISSIONER