

**STATE OF ARKANSAS**  
**SECURITIES DEPARTMENT**

IN THE MATTER OF

ORDER PROVIDING A WAIVER  
OF CERTAIN PROVISIONS OF THE  
EXEMPTION PURSUANT TO ARK.  
CODE ANN. § 23-42-503(b)

CUSTARD & RIBS, LLC

No. 99-061-S

**FINDINGS OF FACT**

1. On September 13, 1999, a letter was received by the Arkansas Securities Commissioner requesting that the proposed offering and sale of the Class A Units (the "Units") of Custard & Ribs, LLC (the "Company") to prospective purchasers (the "Transaction") be determined to be an exempt transaction pursuant to Ark. Code Ann. §23-42-503(b).
2. The Units are being offered through Equity Capital Corporation (the "Dealer-Manager") who is a broker-dealer registered in Arkansas.
3. The Company is an Arkansas limited liability company.
4. The Company has filed a proof of exemption pursuant to Ark. Code Ann. §23-42-503(b) and Rule 503.01(B) of the Rules of the Arkansas Securities Commissioner (the "Rules").
5. Pursuant to Rule 503.01(B)(1)(b)(ii), the Company has requested a waiver of some of the requirements of Rule 404 that apply to offerings of securities pursuant to the proof of exemption.
6. The Company has requested a waiver of the NASAAA Guidelines Regarding Selling Expenses and Selling Security Holders' limitation in that selling expenses will not exceed twenty percent (20%) of the gross proceeds of the offering. The Company's excess over the limitation arises from legal expenses paid to an unrelated party.
7. The Company has requested a waiver of providing audited financial statements since the Issuer is a newly organized entity and has no operations or financial history.
8. In lieu of waiving the requirements pursuant to the NASAA Guidelines relating to Promoter's Equity Investment and to the Escrow of Promotional Shares, Equity Hospitality (the "Manager") will retain the fifty (50) Class B Units until the earlier of 5 years or the accrual or return to the Class A Unitholders of their initial capital contribution of \$5,000 per Class A Unity by accrual of the payment of either a cash distribution or a credit against the Investor Note.

**CONCLUSIONS OF LAW**

9. Pursuant to Rule 503.01(B)(1)(b)(ii), the Commissioner may waive any or all of such requirements of Rule 404 that apply to offerings of securities.
10. It is not necessary or appropriate in the public interest for the protection of investors for the Company to be required to register the Transaction under the Act for the purposes of the contemplated offering.

**OPINION**

In recognition of the representations made by the Company, it appears registration of this Transaction is unnecessary in this instance.

This order does not exempt the Company from the antifraud provisions of the Act.

**ORDER**

IT IS THEREFORE ORDERED that any securities of Custard & Ribs, LLC offered or sold in Arkansas for the proposed Transaction, if offered and sold in compliance with the representations made in the letters of September 13, 1999 and September 24, 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 6th day of October, 1999.



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MAC DODSON  
SECURITIES COMMISSIONER