

The State of New Hampshire



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Department of State Bureau of Securities Regulation

10/28/2002

Michael Johnson
Lanier, Ford, Shaver & Payne, PC
200 West Side Square, Ste 5000
Huntsville, Alabama 35801

Re: Associated Pharmacies, Inc.

Dear Mr. Johnson;

The Bureau of Securities Regulation is in receipt of your 7/31/2002 request on behalf of Associated Pharmacies, Inc. ("API"), that the Bureau of Securities Regulation ("Bureau") issue a no-action letter, determining that APA Certificates of Membership and Participation ("Certificates") are not securities within the meaning of the Uniform Securities Act RSA 421-B (the "Act") and more specifically, RSA 421-B:2,XX.

The Bureau staff has reviewed the matter and will not recommend any enforcement action if API, makes future offers and sales of API Certificates as set out in your letter. The no-action letter is being issued based on the representations set out in your letter including but not limited to the following: (1) a member of API has the right to receive a Patronage Dividend from API based upon the amount of purchases such member has made during the calendar year relative to the purchases made by all other members, and that profits are not paid on a pro rata basis, nor are they paid in proportion to the amount of money a member has invested in his Certificate; (2) the Certificates are non-negotiable and non-transferable, and that each Certificate can only be sold back to API; (3) members of API do not have the right to pledge or hypothecate their respective Certificate; (4) each member is allowed only one Certificate, and each Certificate confers the right to one vote; (5) there is no potential for appreciation of the Certificates; (6) upon dissolution and liquidation, each member will receive the amount of their membership fee and, if any assets are left, then such assets are distributed to the members based on their amount of patronage.

Because this position is based on the representations made in your letter, it should be noted that any different fact or condition might require a different conclusion. The staff's position is applicable only so long as the transaction proceeds exactly as set out in your

letter. Different facts or circumstances might, and often would, require a different response. Further, this reply should not be interpreted as the Bureau's ruling on the accuracy or completeness of the information submitted. This response only expresses the Bureau's position on enforcement action and does not purport to express any legal conclusions on the questions presented nor any opinion or conclusion concerning any aspect of the contemplated transactions.

Sincerely,

Jeffrey Spill
Staff Attorney

cc: file