

1933 Act/4(2)
1933 Act/Rule 146
Investment Advisers
Act of 1940/201(11), 203

NORMAN & BILLICK
LAW OFFICES
69 WEST WASHINGTON STREET
CHICAGO 60602

TELEPHONE
1212 274 0000
CABLE
ESPROM CHICAGO

July 15, 1974 .

Division of Corporation Finance
Securities and Exchange Commission
Washington, D. C. 20549

Attention: Mr. Seymour Spolter

Gentlemen:

This letter is a supplement to our June 11, 1974 letter to you requesting an interpretation regarding the necessity of an offeree representative under Rule 146 registering as an investment adviser under Section 203 of the Investment Advisers Act of 1940.

In response to several questions raised by you, and after discussing these matters further with Mr. Maine, it is proposed that:

1. Mr. Maine will act as principal for Clermont Company, which will be the offeree representative.
2. Clermont Company, as the offeree representative under Rule 146, will evaluate the merits and risks of the proposed investment and communicate its conclusions with respect thereto to the purchasers whom it will be representing. Clermont Company will receive a fee for acting as offeree representative, but this fee will not be a commission for selling securities.
3. Neither Clermont Company nor Mr. Maine will be active in soliciting purchasers.
4. Neither Mr. Maine nor Clermont Company has any present intention of acting as an offeree representative under Rule 146 with respect to any other transactions. However, if Mr. Maine or Clermont Company is requested to act in that capacity for Epsilon Lambda or for any

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other issuer at any time in the future, Mr. Maine and Clermont Company reserve the right to act as an offeree representative if, under all the circumstances which may then exist, it appears appropriate to do so. At the present time, however, neither Mr. Maine nor Clermont Company is holding themselves out as a person interested in acting as an offeree representative in Rule 146 transactions.

You have also requested that we convey our conclusion as to the need for Clermont Company to register as an investment adviser under the Investment Advisers Act of 1940 as the result of acting as a Rule 146 offeree representative in the transaction described in this letter and in our June 11, 1974 letter. We believe that Clermont Company, by acting as an offeree representative under Rule 146 in one transaction does not thereby become a person who, for compensation "engages in the business" of advising others as to the value of securities. We doubt that the Securities and Exchange Commission intended that every offeree representative under Rule 146 who receives compensation for so acting should be required to register as an investment adviser, because we believe that such an interpretation of Rule 146 would substantially reduce the number of otherwise qualified persons who would be willing to act as offeree representatives.

However, we do not consider this question to be free of doubt, and we will very much appreciate receiving your interpretation at your earliest convenience.

Very truly yours,

NORMAN & BILLICK

By

Robert W. Edler

RWE/es