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Washington Service Bureau, Inc.	
Letter: <u>Geosource, Inc.</u>	
WSB Division #: <u>33-Pub 146</u>	
File # within division: <u>14</u>	
Letter also listed in file guide under division(s):	
Availability date: <u>6-30-75</u>	

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549

NOV 20 1975

Act	<u>33</u>
Section	
Rule	<u>146</u>
Public	
Availability	<u>6-30-75</u>

Eugene R. Sullivan, Jr., Esq.  
 Chadbourne, Parke, Whiteside & Wolff  
 30 Rockefeller Plaza  
 New York, New York 10020

Re: Geosource, Inc.  
 Dear Mr. Sullivan:

This is in response to your letter of January 8, 1975, requesting, on behalf of your client, Geosource, Inc. ("the Company"), an interpretation of Rule 146 under the Securities Act of 1933 ("the Act").

The pertinent facts, as set forth in your letter, are as follows: Geosource, Inc. began operation in 1973. There are a small number of shareholders; no public trading market for the Company's shares; the Company has never had a public offering of its stock; nor has it registered under the Securities Exchange Act of 1934. In February, 1973, the Company adopted a stock option plan under which there are currently outstanding options to purchase 254,250 shares. These options are held by 134 employees of the Company. The options are exercisable in installments two years from the date of grant and expire five years from the date of grant. The Company anticipates a registered public offering of its securities within "the next few years". At the time of the first registered public offering or at such time as the number of persons who have exercised their options approaches 35 persons, whichever is first to occur, the Company plans to register under the Act the common stock to be issued thereafter pursuant to its Stock Option Plan.

You propose to rely on Rule 146 for sales of stock under the plan to up to thirty-five participants. Thereafter, sales under the plan will be made pursuant to the registration requirements of the Act. You request this Division's interpretation of subparagraph (g)(1) of Rule 146 concerning the number of purchasers under the rule.

The question posed by your request concerns the integration of offerings and the effect of such on the exemption provided by the rule. The rule limits the number of purchasers in any offering to thirty-five. As provided in the rule's Preliminary Note 3, whether offers and sales should be regarded as a part of a larger offering, and thus should be integrated depends on the particular facts and circumstances relative to the factors set forth in Securities Act Release No. 4552 (November 6, 1962).

Based upon the facts presented, it is the Division's view that the proposed initial offering to the Company's employees pursuant to claim of Rule 146 and the subsequent proposed offering pursuant to a registration statement would not be deemed to be parts of the same larger offering, provided the initial offering precedes the subsequent offering by six months. Under such circumstances, Rule 146 would be available for the proposed initial offering. However, if such is not the case, in view of the facts presented and discussion as to integration in Securities Act Release No. 4552, it is the Division's view that the offerings as described in your letter would be integrated, thereby making Rule 146 inapplicable.

Sincerely,

M.L.L.

Mark L. Lezell  
Attorney Adviser