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RESPONSE OF THE OFFICE OF CHIEF COUNSEL
DIVISION OF INVESTMENT MANAGEMENT

Our Ref. No. 82-70-CC
Premier Mortgage Corporation
File No. 132-3

Based on the representations in your letters of March 2, April 21, August 20, and December 22, 1982, and January 24, 1983, we understand the following. Premier Mortgage Corporation ("Premier") proposes to offer to the public non-redeemable series of bonds and, with the proceeds of the offering, acquire non-recourse notes of savings and loan associations ("S & Ls") having a total face amount equal to the total face amount of the bonds. Each note would be secured by a pool of whole mortgage loans, which are first liens on real property, owned or originated by a S & L, which would execute and deliver to Premier a master assignment of the mortgage loans in recordable form and a UCC-1 Financing Statement evidencing the debt created by the note. In turn, Premier would assign the notes, the payments to be made under each note, and the mortgage loans to a trustee under an indenture for the benefit of the bondholders ("the trustee"). The mortgage loans in a pool accepted by Premier as collateral would be fixed after a cut-off date (which is the day immediately preceding the effective date of the registration statement for the bonds) and no mortgage loans could be added to, withdrawn from, or substituted in the pool. On the S & L's default, the maturity of its note would be accelerated and the trustee could sell the mortgage loans or retain them. If the trustee retains a mortgage loan, it could foreclose it upon the mortgagor's default. Prepayments on, and adjusted proceeds of foreclosures of, mortgage loans would flow through to the trustee to be applied to the mandatory redemption of the bonds. Except to the extent that the mortgage loans are prepaid, the notes could not be prepaid without Premier's written consent. The monthly debt service on the notes would equal the adjusted scheduled monthly payments of principal and interest on the mortgage loans. Similarly, the principal and interest rate on the notes would be the same as the principal and weighted average interest rate of the mortgage loans.

Moreover, we understand that Premier will not proceed with its proposed offering unless, among other things, the Federal Home Loan Bank Board or the Federal Savings and Loan Insurance Corporation determines that, if and when a S & L is placed in receivership, (1) Premier, as a secured creditor, would be entitled to the full principal amount of the notes outstanding based either on the notes' face amount or their initial offering price plus that portion of the initial issue discount amortized or (2) the receiver would arrange for the continued servicing of the mortgage loans and the continued payments on the notes.

Because Premier, though investing in the notes, would have essentially the same investment experience that it would have were it directly investing in the mortgage loans, we would not recommend that the Commission take any enforcement action under the Investment Company Act of 1940 ("Act") against

Premier if it proceeds with its proposed offering without registering under the Act in reliance upon your opinion as counsel that it is excepted under section 3(c)(5)(C) of the Act from the definition of "investment company." Cf., American Home Finance Corporation (pub. avail. May 11, 1981).

Stanley B. Judd
Deputy Chief Counsel

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MAR 4 1982
OFFICE OF CHIEF COUNSEL
CORPORATION FINANCE

March 2, 1982

OUR FILE NUMBER

Investment Company Act of 1940
Sections 3(a), 3(c)(5)(C) and 6(c)

Stanley B. Judd, Esq.
Deputy Chief Counsel
Office of Chief Counsel
Division of Investment Management
Securities and Exchange Commission
500 North Capitol Street, N.W.
Washington, D.C. 20549

Re: Premier Mortgage Corporation

Dear Mr. Judd:

We are counsel to Premier Mortgage Corporation ("Premier"), a wholly-owned subsidiary of Premier Corporation. On behalf of Premier, we respectfully request that the Division take a "no-action" position with respect to the issuance of the Mortgage Stream TM Bonds (the "Bonds") by Premier and the loan of the proceeds of such issuance to certain savings and loan associations as described below, without registration of Premier under the Investment Company Act of 1940 (the "Act"). Alternatively, if the Division is unable to take a "no-action" position, we respectfully request that Premier be exempted from the provisions of the Act pursuant to Section 6(c) thereof.

Premier presently has on file with the Commission a Registration Statement on Form S-11 (Registration Number 2-75630) (the "Registration Statement") covering the proposed issuance of the first series of Bonds. For your inspection and review, enclosed are copies of the Registration Statement together with the forms of the Indenture, the Series A Supplement thereto and the Loan and Security Agreement proposed to be used in connection with this first series of the Bonds, all as filed with the Registration Statement.

Stanley B. Judd, Esq.
March 2, 1982
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OFFICE OF APPLICATIONS AND REPORT SERVICES

Premier was organized to facilitate the financing of real estate mortgage loans by providing to savings and loan associations a means to raise additional capital by borrowing funds on the security of low-interest notes secured by mortgages or deeds of trust ("Mortgage Loans") currently held in their portfolios. It is proposed that the financing will be accomplished through the issuance by Premier of Bonds in series and the simultaneous loan of the proceeds of such issuance to certain federally-chartered or state-licensed savings and loan associations ("Participating Associations"). Each loan will be evidenced by a mortgage-backed promissory note (the "Note") issued by a Participating Association secured by a pool of Mortgage Loans (see below). The Bonds will be guaranteed by (i) private mortgage insurance covering a portion of the principal amount of the Mortgage Loans and (ii) certain accounts (the "Accounts"), including a cash reserve account equal to 1% of adjusted value of the Mortgage Loans securing that series. Premier will not acquire or dispose of any of the Notes other than in connection with the original issuance of each series of Bonds. Funds deposited in the Accounts, including funds deposited in the reserve account, which will constitute less than 5% of Premier's assets, may be invested temporarily only in direct obligations of the United States government, direct obligations of a state or municipality within the United States rated in the highest category by a recognized rating agency, commercial paper rated in the highest category by a recognized rating agency, fully insured certificates of deposit and certain repurchase agreements (collectively referred to as "Eligible Securities").

Premier will not be engaged in any other business and is not expected to have any significant assets other than the Notes securing the Bonds.

Each Participating Association, pursuant to guidelines established by Premier, will assemble a pool of Mortgage Loans, owned or originated by it, to serve as collateral for its Note. The Participating Association will assign the Mortgage Loans to Premier pursuant to a loan and security agreement. Premier immediately will assign the Notes, the payments to be made under each Note and the Mortgage Loans to a commercial bank acting as trustee (the "Trustee") under an indenture between the Trustee and Premier for the benefit of the holders of the Bonds. Each Participating Association will represent and warrant to Premier and Premier will represent and warrant to the Trustee that each Mortgage Loan is a first priority security interest on the underlying real property. In connection with the assignment of the Mortgage Loans, the Participating Association will duly execute and deliver a master assignment of the Mortgage Loans in recordable form and a UCC-1 Financing Statement evidencing the debt created by the Note. In turn, Premier will assign and deliver such documents to the Trustee. Each Note is based on and backed by all of the Mortgage Loans pooled by a Participating Association and held by the Trustee. After a cut-off date, the Mortgage Loans in a Participating Association's pool accepted by Premier as collateral for its Note will be fixed and no Mortgage Loans may be added, withdrawn or substituted in connection with the original issuance of each series of Bonds. Pursuant to a loan and security agreement, the Participating Association will continue to perform routine loan servicing functions with respect to the individual Mortgage Loans in its pool.

Each Note provides for the payment by a Participating Association to Premier of a fixed monthly sum equal to the scheduled monthly payments of principal and interest on the Mortgage Loans in the pool securing the Note. In addition, each Note provides that an amount equal to the value of each full or partial prepayment and the value of the proceeds of foreclosures, as the case may be, on the Mortgage Loans, all as adjusted pursuant to a loan and security agreement, will pass through the Note to the Trustee. All amounts received by the Trustee will be allocated pursuant to the indenture into the Accounts, including the reserve account, for the benefit of the bondholders. Until the reserve account is fully funded by such payments, it will be funded in full by a letter of credit purchased by Premier. The amounts deposited in certain of the accounts are used to make payments of principal and interest due on the Bonds.

Section 3(c)(5) under the Act provides an exemption from registration as an investment company for "[a]ny person who is not engaged in the business of issuing redeemable securities, face-amount certificates of the installment type or periodic payment plan certificates, and who is primarily engaged in . . . (C) purchasing or otherwise acquiring mortgages and other liens on and interests in real estate."

Premier Engaged In Purchasing an Interest In Real Estate

The Bonds to be issued by Premier will be secured by Notes purchased by Premier from Participating Associations. The nature of the Notes as "interests in real estate" is best understood by reviewing their characteristics and comparing the similarities of the Notes to other instruments which the Division has recognized in prior "no-action" letters, discussed below, as "interests in real estate."

The structure and characteristics of the Bonds and the collateral securing the Bonds are similar in many respects to the mortgage-backed bond offerings reviewed by the Division (e.g., U.S. Home Finance Corporation, April 30, 1980, publicly available May 30, 1980) and to the mortgage pass-through offerings reviewed by the Division which have been created by a number of mortgage lending institutions, starting in September, 1977 with the offering of mortgage pass-through certificates issued by Bank of America National Trust and Savings Association and more recently, the modified pass-through offerings. (See, Home Savings and Loan Association, September 16, 1980, publicly available October 16, 1980, American Home Finance Corporation, April 9, 1981, publicly available May 11, 1981 and Merrill Lynch, Pierce, Fenner & Smith Inc. October 5, 1981, publicly available November 4, 1981).

Premier, like the issuer in American Home and the issuer in U.S. Home Finance, is a limited-purpose, wholly-owned subsidiary whose only assets are the collateral pledged for the securities to be offered to the public. The formation of and the fixed nature of the pools of Mortgage Loans are similar to the pools described in Home Savings and Merrill Lynch. The assignment of the Mortgage Loans to a custodian without recourse is similar to the assignment in American Home and Merrill Lynch. In addition, the means designed to insure that payments to bondholders are made in a timely manner, are similar to those used in other offerings.

For example, Premier, as in U.S. Home Finance and American Home, has established a cash reserve account, and, like Merrill Lynch, will purchase a letter of credit, both designed to assure timely payments to bondholders. In addition, as in Home Savings, Premier will purchase policies of insurance to protect bondholders from certain defaults which may arise on particular Mortgage Loans.

The Bonds and the Notes differ from the traditional and modified pass-through instruments in only one material respect for purposes of the Act. Rather than structuring the Bonds and the Notes as pass-through certificates, the Bonds and Notes are structured as pay-through instruments to accommodate the needs of many savings and loan associations who seek a method of financing through which they can use their seasoned, low-coupon Mortgage Loans to generate cash which can be invested in higher yielding Mortgage Loans to increase earnings or to meet regulatory liquidity requirements. These Mortgage Loans are currently yielding a low return (e.g., 8% - 10%) at a time when the savings and loan associations must pay significantly higher interest rates to attract depositors. These savings and loan associations, however, would prefer not to sell these low-coupon Mortgage Loans because a sale would result in a recognition of an immediate loss for financial accounting purposes. Accordingly, most associations are unwilling or unable to sell their Mortgage Loans and reduce the size of their net worth. Because a pass-through certificate for financial accounting purposes is treated as a "purchase" of an undivided interest in the Mortgage Loans by the purchasers and treated as a "sale" of the Mortgage Loans by the owners of such Mortgage Loans, the pay-through bond was chosen as an alternative financing vehicle.

Notwithstanding the structural difference between the Notes and pass-through certificates, we are of the opinion that the traditional and modified pass-through certificates in Bank of America and Merrill Lynch and, absent the government insurance provided by GNMA, the GNMA Certificates in American Home bear a close economic resemblance to the Notes and, as such, represent an "interest in real estate."

These economic similarities are best understood by briefly describing the nature of the Bonds and the Notes. The Bonds and Notes are pay-through instruments. The essential concept of the Bond is to match the debt service on the Bond with the cash flow from the Mortgage Loans which serve as collateral for the Notes. The Note acts as a conduit for these payments from the Participating Associations to Premier to the Trustee for the benefit of the bondholders. Specifically, the scheduled monthly payment on each Note represents the adjusted amount required to match the debt service on the Bond with the payments of principal and interest generated by the Mortgage Loans which serve as collateral for the Notes. Consistent with the pay-through concept, the monthly debt service payments on the Bonds of any series will be equal to the adjusted amount of the cash flow which is generated by the aggregate principal and interest payments made on the Mortgage Loans. Pursuant to each security agreement, all such principal and interest payments from the Mortgage Loans in a pool will be deposited in an account for the benefit of Premier until the Participating Association makes the fixed monthly payment on its Note. With respect to prepayments made on the Mortgage Loans, an amount equal to the value of each prepayment made, as adjusted pursuant to the loan and security agreement, will flow through the Note to Premier within one day of payment to the Participating Association and will be applied by the Trustee according to the mandatory redemption provisions set forth in the indenture. For example, assume that one of the pools of Mortgage Loans has the following characteristics: the aggregate principal amount of the Mortgage Loans is $790,000 with a weighted average interest rate of 8.66% and an average remaining term to maturity of 22.3 years. The Mortgage Loans comprising this pool generate monthly debt service of $6,801.87. Under the terms of the Note between the Participating Association and Premier, the Participating Association is required to make payment of principal and interest totaling $6,801.87 in each month for 15 years. The fact that monthly payments under the Mortgage Loans are segregated until the Note payment is made supports the inference of direct cash "paid-through." Of the $6,801.87 received monthly by Premier and assigned to the Trustee, $323.90 is deposited by the Trustee into the reserve account to fund any deficiencies with respect to the Bonds and $288.27 is deposited by the Trustee into the expense account to fund all expenses relating to the administration of the Bonds. The remaining $6,189.70 is applied by the Trustee to the monthly reduction of Bonds as required by the indenture and the semi-annual payment of interest. The allocation of each monthly payment between principal and interest is done on an installment type basis, resulting in level monthly debt service requirements until the maturity of the Bonds. Accordingly, although scheduled monthly payments on the Mortgage Loans do not technically pass-through the Note, the economic reality is identical.

Monthly payments on the Notes are fixed to shift the risk of timeliness of payments from the bondholders to the Participating Association. If a payment on a Mortgage Loan in a Participating Association's pool is delinquent or a particular Mortgage Loan in its pool goes into default, the Participating Association still is obligated to make full payment on the Note. This concept of making advances is similar to the situation in American Home where the originator of the Mortgage Loans passed through the payments of principal and interest and, at the same time, made advances of principal and interest to GNMA for those Mortgage Loans which were delinquent in payment or in default. To reimburse a Participating Association for advances made as a result of defaults on particular Mortgage Loans, to provide assurance of payment to bondholders and to obtain a certain rating on the Bonds from certain rating agencies, Premier will provide policies of pool and special hazard insurance to each Participating Association covering each pool of Mortgage Loans. Each policy of insurance will name the Trustee as loss-payee. In the event that a Participating Association is unable to pay the amount due on the Note, and the policies of insurance are insufficient to make payments on the Bonds, the Trustee will make such payment, to the extent that funds are available therefor, from the reserve account and other Accounts. Beyond the insurance payments and the funds in the Accounts, the bondholder bears the risk of loss.

We also believe that the nature of the security interest in the Mortgage Loans provides Premier with an interest in real estate within the meaning of Section 3(c)(5)(C) of the Act.

There does not seem to be a doubt for purposes of the Act that a purchase of "mortgages" fits within the statutory prescriptions under Section 3(c)(5)(C). See U.S. Home Finance. In addition, it seems clear that the purchase of a pass-through interest secured by Mortgage Loans like that in American Home falls within the definition of a purchase of an interest in real estate within the meaning of Section 3(c)(5)(C). However, based upon recent telephone conversations with the staff of the Division, there appears to be some doubt as to whether a purchase of promissory notes secured by Mortgage Loans is a purchase or acquisition of an interest in real estate.

Under California law, a mortgage is defined as a contract by which specific property, real or personal, is hypothecated for the performance of an act without the necessity of a change in possession. See California Civil Code § 2920. A deed of trust, like a mortgage, is a real property security device given to secure payment of an indebtedness. Accordingly, the mortgage and deed of trust are nothing more than real property security devices securing the payment of a debt.

A mortgage or deed of trust under California law cannot be assigned or sold apart from the debt that secures it. See Kelley v. Upshaw, 39 Cal. 2d 179, 192, 246 P.2d 23 (1953) and Domarad v. Fisher & Burke, Inc., 270 Cal. App. 2d 543, 554, 76 Cal. Rptr. 529 (1969). Accordingly, the "purchase" of a mortgage is in actuality a purchase of a debt secured by a real property security device, the mortgage or deed of trust. If such debt is paid in full, the creditor/assignee has no claim against the underlying real property. Notwithstanding, the debt which passes with the mortgage or deed of trust is characterized as being an interest in real property. Such was the situation presented to the Division in U.S. Home Finance.

With respect to the Notes, the analysis must proceed one step further. Premier is purchasing promissory notes secured by Mortgage Loans, in other words, secured by other debts which, in turn, are secured by real property security interests, mortgages and deeds of trust. Albeit a step removed and representing a more indirect interest, we believe that the Notes purchased by Premier evidence no less an interest in real property than the outright purchase of the Mortgage Loans in U.S. Home Finance and no less of an interest in real estate than the GNMA Certificates in American Home.

A comparison of the remedies of a bondholder against (i) an issuer who owns the Mortgage Loans as in U.S. Home and (ii) Premier who owns promissory notes secured by Mortgage Loans is useful in illustrating the fact that a bondholder's interest in the Mortgage Loans is substantially the same in a typical mortgage-backed bond offering as it is in an offering of Bonds.

Upon an event of default under an indenture under a series of Bonds, the Trustee, acting on behalf of the bondholders, may proceed against Premier and the Notes pledged as collateral for the series of Bonds and may exercise any remedy available to a secured party, including those remedies provided under the California Commercial Code. The Mortgage Loans, the ultimate collateral for a Note, will be in the possession of the Trustee until that series of Bonds has been fully paid or claims made against such Mortgage Loans by Premier or the bondholders have been satisfied to the extent allowable. Accordingly, the ultimate source of the bondholder's collateral for a series is never in jeopardy. Even though the Notes provide for limited recourse against the collateral, the value of the Mortgage Loans will equal at least 105% of the principal amount of each series of Bonds.

In a mortgage-backed bond offering, a bondholder's remedies are (i) with the consent of the debtor, to retain the Mortgage Loans in satisfaction of the debt owed or (ii) to sell the Mortgage Loans and retain the proceeds to the extent required to extinguish the debt owed. In an offering of Bonds, the bondholder's remedies are (i) with the consent of Premier, to retain the Notes, if not in default themselves, in satisfaction of the indebtedness, (ii) to sell the Notes or (iii) if any Note also is in default, to step into the shoes of Premier and, with the consent of the Participating Association, retain the Mortgage Loans in satisfaction of the debt owed or sell the

Mortgage Loans and retain the proceeds which are sufficient to extinguish the debt owed. In both cases, the bondholder's ultimate remedy is the same. Because the Trustee holds the Mortgage Loans in its possession at all times until the bonds have been paid in full, the bondholders are as secure as if the Mortgage Loans were purchased by Premier.

Accordingly, we believe that the Notes represent an interest in real estate (i.e., the Mortgage Loans acting as security for the Bonds). A conclusion that the Notes do not evidence an interest in real estate would elevate form over substance with respect to the Division's prior "no-action" letters and would appear to take the position that only certain types of investments in mortgages and other liens on and interests in real estate are entitled to the Section 3(c)(5) exemption, a reading contrary to the exemption's plain language. It appears that neither the public interest nor the interest of the investing public would be served by requiring Premier to register as an investment company under the Act or to recast the Notes as pass-through instruments. As stated above, the structure of the Notes is directly in response to the needs of particular savings and loan associations due to the financial accounting considerations which they face if a sale is deemed to have occurred.

The Company Should Not be Deemed
an Investment Company Under the Act

As the legislative history of Section 3(c)(5) of the Act demonstrates, it was Congress' intention to exempt those companies "which do not come within the generally understood concept of a conventional investment company investing in stocks and bonds of corporate issuers" even though such companies "have portfolios of securities in the form of notes, commercial paper or mortgages and other liens on and interests in real estate." [Investment Company Amendments Act of 1970, Senate Report (Banking and Currency Committee) No. 91-184, May 21, 1979, 3 U.S. Code Cong.Admin. News, 91st Cong., 2nd Sess., at 4932 (1970)].

We are of the opinion that Premier's activities differ markedly from the three types of investment companies as defined in Section 4 under the Act. Premier does not fall within the definition of a "face-amount certificate company" because it never was nor is it presently engaged in the business of issuing nor will it issue face-amount certificates, as that term is defined under Section 2(a)(15) under the Act. Moreover, Premier does not fall within the definition of a "unit investment trust" because it is a corporation validly incorporated under the laws of the State of California, has a board of directors and does not issue "redeemable securities" as that term is defined under Section 2(a)(32) under the Act.

Accordingly, if construed to be an investment company, Premier only could be characterized as a management company. As stated in the legislative history discussing coverage under Section 4 of the Act, a management company is a company "where the management [of such company] is given untrammeled discretion as to the investments that can be made." [Hearings on S.3580, Part 1 before the Subcommittee of the Committee on Banking and Currency of the Senate, 46th Cong., 1st Sess., at 186 (1940)].

Neither the proposed operations of Premier nor the proposed offering and plan of distribution of Bonds resemble those of a typical management company which is engaged in investing funds contributed to it in securities of corporate issuers. Premier, in essence, operates as a vehicle through which savings and loan associations may use their low-coupon Mortgage Loans to generate cash to be invested in higher-yielding Mortgage Loans to increase earnings or to meet regulatory liquidity requirements. As discussed in detail above, the structure of the offering is based on a pay-through concept which matches the amount of cash needed to pay bondholders under an offering of Bonds against the cash flow from Mortgage Loans. Bondholders in any series know precisely the nature of their investment. Moreover, each bondholder knows the precise characteristics of the collateral, including the Mortgage Loans. In fact, the disclosure presented in the Registration Statement closely resembles the type of disclosure made in previous pass-through certificate offerings registered with the Commission. See Guaranteed Mortgage Corporation, Registration No. 2-74757; American Home Finance Corporation, Registration No. 2-71819; and PHM Credit Corporation, Registration No. 2-70964. The temporary investment of funds deposited in the Accounts are only to be made in Eligible Securities, which also are fully disclosed to bondholders. Accordingly, on the basis of our review of the legislative history under the Act, we do not believe that Congress intended to include a corporation with the structure and characteristics of Premier into the scheme of regulation under the Act.

Bonds Not Redeemable Securities

Section 2(a)(32) of the Act defines a "redeemable security" as

> any security, other than short-term paper, under the terms of which the holder, upon its presentation to the issuer or to a person designated by the issuer, is entitled (whether absolutely or only out of surplus) to receive approximately his proportionate share of the issuer's current net assets, or the cash equivalent interest.

The Bonds are subject to monthly mandatory redemption by Premier. The amount of scheduled monthly redemptions by Premier is fixed by the amount required to amortize the Bonds on a level monthly debt service basis by maturity. The amount of such scheduled redemptions is directly related to the adjusted payments made each month on the Mortgage Loans. Mandatory redemptions also are made to the extent of prepayments made on the Mortgage Loans which serve as collateral for the Notes. The mandatory redemption provisions have no relationship to any bondholder's proportionate share of Premier's current net assets. In addition to the mandatory redemption provisions of the Bonds, the Bonds are redeemable at the option of Premier, in whole but not in part, at any time after the aggregate principal amount of the Bonds for the series is reduced to 10% or less of its original principal amount.

We believe that the mandatory and optional redemption features of the Bonds do not come within the terms of the definition of redeemable security under the Act. A bondholder for any series cannot compel Premier to redeem his bonds. In fact, pursuant to the mandatory redemption feature of the Bonds, the Trustee selects those bondholders to be redeemed on a random basis.

General

On the basis of the foregoing, we respectfully request that the Division take a "no-action" position with respect to Premier's status as an investment company and the proposed issuance of Bonds in series. If the Division concludes that it is unable to do so, we respectfully request that the Division recommend to the Commission that Premier be exempt from the provisions of the Act pursuant to Section 6(c) thereof.

Because Premier would like to proceed with the offering of its Series A Bonds at the earliest possible time, we would appreciate your earliest consideration of this matter. If for any reason you do not concur in our conclusions, we respectfully request a conference with the Staff prior to any adverse written response to this letter. If further clarification is required, please call the undersigned or, in his absence, Ernest Leff of this firm, collect, at (213) 485-9001.

Sincerely,

John F. Della Grotta

John F. Della Grotta

Enclosures

cc: Robert Burns, Esq.
Division of Corporation Finance
Branch 1

600055

April 21, 1982

Investment Company Act of 1940
Sections 3(a), 3(c)(5)(C) and
6(c)

Stanley B. Judd, Esq.
Deputy Chief Counsel
Office of Chief Counsel
Division of Investment Management
Securities and Exchange Commission
500 North Capital Street, N.W.
Washington, D.C. 20549

Re: Premier Mortgage Corporation

Dear Mr. Judd:

We are counsel to Premier Mortgage Corporation ("Premier"), a wholly-owned subsidiary of Premier Corporation. This letter supplements our letter of March 2, 1982 (the "March 2 Letter") which requested, among other things, the Division's concurrence in the form of a "no-action" letter in our opinion that Premier is exempt from registration under the Investment Company Act of 1940 (the "Act") by reason of the provisions of Section 3(c)(5)(C) of the Act in connection with the issuance of Bonds (as defined in the March 2 Letter) and the loan of the proceeds of such issuance to Participating Associations (as defined in the March 2 Letter). You have requested clarification with respect to three statements made in the March 2 Letter to substantiate that upon a default in any Note (as defined in the March 2 Letter), the Trustee (as defined in the March 2 Letter), on behalf of the bondholders, will have the right to proceed directly against the Mortgage Loans (as defined in the March 2 Letter), which comprise a part of the collateral securing the Notes.

First, in discussing the concepts of "advances" and "insurance" in connection with monthly payments on the Notes in the first complete paragraph on page seven of the March 2 Letter, we state that "[b]eyond the insurance payments and the funds in the Accounts, the bondholder bears the risk of loss." You request clarification of this sentence. The statement did not intend to imply that in the event of default, the bondholders, through the Trustee, would not have direct recourse to those Mortgage Loans securing a Note which was in default, rather, it attempted to explain that the "advances," "insurance" and "accounts" referred to are designed to avert a default in the Notes and the Bonds, respectively. Once an event of default in the Bonds occurs, the terms of the Indenture specifically provide that the Trustee has the right to pursue any available remedy at law or in equity, including retaining the Mortgage Loans in satisfaction of the debt owed or selling the Mortgage Loans for the benefit of the bondholders to satisfy the amount due to the bondholders under the terms of the Indenture. In addition, as we explained to you in a telephone conversation on April 20, 1982, the Trustee would have possession of and use of the cash as to the whole of the loans to satisfy the obligations to the bondholders. This amount exceeds substantially the amount necessary to cover the bondholders' obligations since the term of the Mortgage Loans exceeds the term of the Bonds and the current cash flow of the Mortgage Loans also exceeds (by about 5%) the current obligations on the Bonds.

Second, in discussing an event of default under the Indenture under a series of Bonds in the second complete paragraph on page 9 of the March 2 Letter, we stated in the last sentence that "[e]ven though the Notes provide for limited recourse (emphasis added) against the collateral, the value of the Mortgage Loans will equal at least 105% of the principal amount of each series of Bonds." You request clarification regarding the term "limited recourse." The Notes themselves are described as limited recourse obligations to describe the fact that recourse is limited only to collateral, including the Mortgage Loans, pledged by the Participating Association to Premier (and, in turn, assigned to the Trustee) and not to the Participating Association's general funds or other assets. With respect to the Mortgage Loans, upon an event of default under the Indenture, the Trustee, under the terms of the Indenture, has full recourse against the Mortgage Loans securing a defaulted Note.

Finally, in the second sentence of the final paragraph on page nine of the March 2 Letter, we state that "[i]n an offering of Bonds, the bondholder's remedies are (i) with the consent of Premier (emphasis added), to retain the Notes, if not in default themselves, in satisfaction of the indebtedness, (ii) to sell the Notes or (iii) if any Note also is in default, . . . with the consent of the Participating Association (emphasis added), retain the Mortgage Loans in satisfaction of the debt owed or sell the Mortgage Loans and retain the proceeds which are sufficient to extinguish the debt owed." You request clarification of the phrases "with the consent of Premier" and "with the consent of the Participating Associations." The statement of remedies available to a bondholder through the Trustee on page nine is a statement of two of the remedies available to a bondholder under Division 9 of the California Commercial Code (the "California Code"). Section 9505(2) of the California Code provides that " . . . a secured party in possession may, after default, propose to retain the collateral in satisfaction of the obligation. Written notice of such a proposal shall be sent to the debtor . . . ." Section 9505(2) further states that "[i]f the secured party receives objection in writing from a person entitled to receive notification . . . the secured party must dispose of the collateral under Section 9504. In the absence of such written objection, the secured party may retain the collateral in satisfaction of the debtor's obligation." Section 9504(1) of the California Code, referred to in Section 9505(2) states, in part, that "[a] secured party after default may sell, lease or otherwise dispose of any or all of the collateral . . ." Accordingly, the phrases "with the consent of Premier" and "with the consent of the Participating Association" merely incorporate the terms of Section 9505 of the California Code to which all secured creditors in any transaction which is subject to the California Code are bound. These sections of the California Code do not diminish either the direct claim by Premier against the

Mortgage Loans in the event of default of a Note or the direct claim by a bondholder acting through the Trustee against the Notes in the event of a default under the Indenture and against the Mortgage Loans themselves if a Note also is in default.

We hope that we have been responsive to your concerns. If further clarification of the matters set forth in this letter is required, please call the undersigned, or in his absence, Ernest Leff of this firm, collect at (213) 485-9001.

Very truly yours,

John F. Della Grotta

John F. Della Grotta

JFD:db

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JOEL P. ARNDT
MEMBER OF THE
WASHINGTON, D.C. BAR

August 20, 1982

OUR FILE NUMBER
4856

Investment Company Act of 1940
Sections 3(a), 3(c)(5)(c) and
6(c)

Sidney L. Cimmet, Esq.
Chief Counsel

Stanley B. Judd, Esq.
Deputy Chief Counsel

Office of the Chief Counsel
Division of Investment Management
Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, D.C. 20549

Re: Premier Mortgage Corporation

Dear Messrs. Cimmet and Judd:

This letter supplements our letters of March 2 and April 21, 1982, and the August 10, 1982 meeting between Mr. Cimmet, Mrs. Tsai of your staff and Mr. Leff, which request the Division's concurrence, in the form of a "no-action" letter, in our opinion that Premier Mortgage Corporation ("Premier") is exempt from registration under the Investment Company Act of 1940 (the "Act") by reason of the provisions of Section 3(c)(5)(C) of the Act in connection with the issuance of Bonds (as defined in the March 2 letter) and the loan of proceeds of such issuance to Participating Associations (as defined in the March 2 letter). You have requested that we provide in writing (i) information regarding Premier's submission to the Federal Home Loan Bank Board ("FHLBB") regarding the effect on the Notes (as defined in the March 2 letter) and Bonds of a Federal Savings and Loan

Insurance Corporation ("FSLIC") receivership proceeding against one or more of the Participating Associations, (ii) clarification regarding the structure of the Notes and Bonds with specific attention paid to the mandatory redemption provisions of the Indenture as they relate to the potential for Premier to make a profit, and (iii) information concerning the determination of the discount rate and the coupon rate on the Bonds.

As discussed in prior telephone conversations and meetings with you and your staff, Premier and the underwriters believe that to successfully market the Bonds, a AA or AAA rating from Standard & Poor's is required. Because of the original issue discount feature of the Notes and the Bonds, however, Standard & Poor's has expressed concern regarding (i) actions which the FSLIC may take in the event of a FSLIC receivership proceeding concerning one or more of the Participating Associations and (ii) the claim of Premier (and, in the case of Premier's default under the Bonds, the Bondholder's) in connection with such a proceeding.

On March 10, 1982, through the efforts of this firm, a meeting with the FHLBB and FSLIC was arranged for representatives of Standard & Poor's, Drexel Burnham Lambert Incorporated ("Drexel"), underwriter for Premier and Premier in Washington, D.C. At that meeting, on behalf of Premier, this firm requested an interpretative letter from the FSLIC establishing the secured creditor status of Premier and the Bondholders. In connection with such request, this firm, on behalf of Premier, submitted a letter dated March 11, 1982, to the FHLBB which set forth our opinion that the following three alternatives were available to the FHLBB in the event a receiver is appointed:

(i) Pay-Off Based On Face Amount. Premier, as a secured creditor, would be entitled to the full principal amount outstanding at the time of the receivership proceeding based upon the face amount of the Note. We believe that such a result is consistent with the national bank receivership cases which are discussed in detail in a submission delivered by this firm to the FHLBB and forwarded to you recently. These cases fix the rights of the parties at the moment of insolvency and permit retention of the collateral (the Mortgage Loans) to insure that the contractual debt is discharged, irrespective of an apparent windfall. See Corbin v. Federal Reserve Bank of New York, 629 F.2d 233, 236 (2d Cir. 1980);

(ii) Pay-Off Based On Initial Offering Price Plus Amortized Discount. Premier, as a secured creditor, would be entitled to the full principal amount outstanding at the time of the receivership based upon the initial offering price plus that portion of the original issue discount amortized; and

(iii) No-Default Upon Receivership. Amend the Indenture, the Bonds, the Loan and Security Agreements, the Association Notes and the Registration Statement to provide and reflect that a FSLIC receivership will not constitute an "event of default" under any Association Note or the Bond. Such an amendment would be made only if the FSLIC agreed that the receiver retain and continue to arrange for the servicing of the Pledged Mortgages securing the particular Association Note held by the receiver and continue to make payments on the Association Note.

Under present plans, Premier will go forward with the issuance of the Bonds only if (i) the FHLBB or the FSLIC makes a determination with respect to the secured creditor status of Premier and the Bondholders and (ii) on the basis of such conclusions and other factors, Standard & Poor's agrees to rate the Bonds either AA or AAA. We understand that the FHLBB or the FSLIC will issue a letter during the first week in September which will address the above stated concerns and respond to our submission.

You also request clarification regarding the structure of the offering with specific attention directed at the mandatory redemption provisions of the Indenture, specifically with respect to Premier's ability to make a profit.

Premier will issue pursuant to the Indenture the Bonds to public investors. After the receipt of cash, Premier then will loan substantially all of the proceeds to the Participating Associations. Each Participating Association in return for the amounts lent to it will execute an Association Note in favor of Premier secured primarily by Pledged Mortgages. The coupon rate and the effective interest rate to Premier on the Association Note will be higher than the coupon rate and the effective interest rate to Premier on the Bonds. The essential concept of the Association Note is that the aggregate cash flow which is produced from the principal and interest amortization payments on the Pledged Mortgages securing the Association Notes will be sufficient to pay in full the bi-yearly interest payments and monthly redemption payments due on the Bonds based on a normal amortization schedule on the Bonds. The range between the coupon rates and the effective interest rate on the Association Notes and the Bonds provides funds to Premier to be directed to the Trustee to fund the Expense Account to cover the costs of administration (including Trustee's fees).

Prepayments on Pledged Mortgages are directly passed-through the Association Notes to the Bonds with the resultant decrease in the principal amount to be paid on the Association Note which is secured by the Pledged Mortgage which is prepaid and a direct pro rata reduction of principal owed on the Bonds which is achieved by mandatory redemption of principal on the Bonds.

Initially, Premier makes a profit from the use of the float which occurs because the Participating Associations remit payment monthly on the Association Notes while the interest payments to the Bondholders are made semi-annually.

The mandatory redemption provisions of the Indenture are described on page 3 of the Registration Statement filed by Premier with the Commission on Form S-11 (Registration Number 2-75630) (the "Registration Statement") and in Article Three, pages 19 through 21 inclusive of the Indenture. The funds used for such redemptions flow from the Notes into the Redemption Account and the Prepayment Account which are described in detail on pages 9 and 10 of the Registration Statement and Section 6, pages 3 through 9, inclusive, of the Series A Supplement to the Indenture. Premier's opportunity to make a profit is created by its option to satisfy mandatory redemption requirements by purchasing Bonds in open market or privately-negotiated transactions and surrendering such Bonds for cancellation rather than by calling the Bonds for redemption.

If Premier elects to call a Bond, the Bond must be redeemed at 100% of the principal amount plus accrued interest to the date of the last payment on a Note, or in the case of a mandatory redemption which arose out of a prepayment on a Note, the date of that prepayment to Premier, which, in turn, is made to the Trustee. On the other hand, if Premier elects to satisfy the mandatory redemption provision by surrendering for cancellation Bonds which it purchased in open market or privately-negotiated transactions for less than the face amount of the Bonds, it will make a profit since the amortization schedule on the bond discount assumed that these Bonds would be retired at 100% of face value. This concept can be illustrated by the following example.

> Assume that Premier issues its Bond in the face amount of $100,000,000 with a 10% coupon rate. The Bonds are ratably amortized over a 10-year period, and, at the date of issuance, the Bonds have an effective interest rate of 16.5%. The difference between the coupon rate and the effective interest rate creates an original issue discount of $22,556,892.
>
> After the receipt of cash, Premier then loans cash to the Participating Associations. The aggregate principal amount on the Association Notes equals $100,000,000 with a 10-1/2% coupon rate and, at the date of issuance, an effective interest rate of 17.15%, which creates an original issue discount of $22,783,725.

End of Year 1

In the first year of operation, Premier will receive aggregate payments on the Association Notes which totals $16,192,200. The cash received will be applied as follows:

Reduction of principal on the Notes	$ 5,974,286
Interest Income on the Notes	$10,217,914
	$16,192,200

In addition, Premier amortized $2,781,418 of the original issue discount to obtain an effective interest yield of 17.15% on the Association Notes.

In the same first year, Premier will make aggregate payments of principal and interest based on normal amortization to the Bondholders of $15,858,088 consisting of $9,723,904 interest and $6,134,184 principal. The difference between the total aggregate amount received by Premier on the Notes and the total amount required to amortize the Bonds will be deposited into the Expense Account. $2,810,273 of the discount on the bonds will be amortized to bring the effective yield to 16.5%.

Pursuant to the mandatory redemption provisions of the Indenture, Premier must redeem Bonds monthly. Assume that the face amount of $6,134,184 was retired in the first year by purchasing Bonds in the open market at 80% of face value (net cash payment of $4,907,347.20) from Bondholders who bought their Bonds on the date of issuance at 70% of face value. Since the amortization schedule on the Bond discount assumed that those Bonds would be retired at par, the difference between face value, and the amount paid by Premier represented a gain to Premier of $1,226,836.80.

Prepayments are handled essentially in the same manner. Assume that the Note Value of a prepayment on an Association Note is $1,000,000 and that the face amount of $1,000,000 was retired within nineteen days after receipt of the prepayment on the Association Note by purchasing the Bond in the open market at 80% of the face value (net cash payment of $800,000) from Bondholders who bought Bonds at the date of issuance at 70% of face value. Like a mandatory scheduled redemption, since the amortization schedule on the Bond discount assumed that these Bonds would be retired at face value, the amount paid by Premier represented a gain of $200,000.

It should be noted that until the Reserve Account is fully funded, as provided on page 9 of the Registration Statement and Section 6, page 4 of the Series A Supplement to the Indenture, Premier will not be entitled to any amount of profit realized in connection with the operation of the mandatory redemption provisions of the Indenture. In addition, a portion of any profit realized by Premier is divided among the Participating Associations (See "Payments by Premier To The Association," Article Seven, page 16 of the Loan and Security Agreement) and Drexel (See "Underwriting" page 39 of the Registration Statement").

Finally, you have asked how the discount rate and the coupon rate on the Bonds are to be determined. According to information supplied to us by Drexel, the discount rate, the coupon rate and the yield to average life on the Bonds are all related entries in their pricing equation. Market conditions at the time of pricing will dictate the desired yield to average life to provide Premier with a marketable security. The discount rate will be determined by Drexel principally on the basis of determining what discount rate will produce a rate of reinvestment thought to be necessary to attract certain investors. The investors which the underwriters believe will invest in these Bonds will forego greater cash flow to receive a higher rate of reinvestment of their proceeds in times of declining interest rates. The coupon rate is determined by a formula which takes into account the desired yield to average life and the desired discount rate.

We hope that we have been responsive to your concerns. If further clarification of the matters set forth in this letter is required, please call the undersigned or Ernest Leff of this firm, collect at (213) 485-9001.

Very truly yours,

John F. Della Grotta

John F. Della Grotta

JFDG:db

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JOEL P. ARNDT
MEMBER OF THE
WASHINGTON, D.C. BAR

December 22, 1982

OUR FILE NUMBER

04856

Elizabeth Tsai, Esq.
Office of Chief Counsel
Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, D.C. 20549

Re: Premier Mortgage Corporation

Dear Ms. Tsai:

This has reference to your telephone communication with me on November 24, 1982 respecting the pending registration of Mortgage Stream Bonds by Premier Mortgage Corporation. In that communication, you requested further information as to the proosed letter to be issued by the Federal Home Loan Bank Bord ("FHLBB"), a matter which has been pending since at least March 10, 1982, and you also sought other information. As to the latter point, as I informed you today by telephone, we cannot locate any letter from the Securities and Exchange Commission seeking information which has not been answered and John F. Della Grotta, Esq., who formerly was assigned to this matter, cannot recall any unanswered request for information. You will recall that under date of August 20, 1982, we responded to a number of inquiries of the SEC in a detailed manner. We, of course, stand ready to respond to other issues which may arise.

In respect to the FHLBB letter, this saga continues. To refresh your recollectin, the FHLBB letter is a predicate to the rating of the Bonds by Standard and Poors ("S&P"). As a consequence, not only has Premier Mortgage Corporation been in continuous communication with the FHLBB, but S&P, through its counsel Neal Baron, Esq., (212)682-0903, is also in frequent communiction with the FHLBB as to this matter. This issue concerns what action the FHLBB would take with respect to the notes issued by the concerned association, which, with the underlying mortgages, will support the Mortgage Stream Bonds in the event the association is in receivership. The uncertainty of FHLBB action, not the form the action will take, is the deepest concern to S&P. For Permier's part, we are confident that under applicable law the bondholders would control the mortgages in that situation.

Our monitoring of the FHLBB has produced the following information which we believe to be factual: The members of the legal staff assigned to the project have recommended to the FHLBB the issuance of a form of letter the contents of which would satisfy S&P. The Board members of the FHLBB met in September on the staff recommendation and decided that the members of the FHLBB needed more information. The legal staff has, since September, worked with S&P and other members of the financial community to achieve a satisfactory solution and counsel for S&P informed me this week that he believes this solution has been reached. The compromise when effected, we believe, would require only a minor change in the indenture document which has been submitted in connection with the registration.

We are also informed that with any compromise, the FHLBB will issue the letter sought in a short period of time.

Sincerely yours,

LEFF & STEPHENSON

By Ernest Leff
Ernest Leff

EL:ba
cc: Sidney L. Cimmet, Esq., Chief Counsel
Stanley B. Judd, Esq. Deputy Chief Counsel

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LAW OFFICES
LEFF & STEPHENSON

[illegible]

*DENOTES A PROFESSIONAL CORPORATION

January 24, 1983

04856

Stanley B. Judd, Esq.
Deputy General Counsel
Office of the Chief Counsel
Division of Investment Management
Securities and Exchange Commission
500 North Capitol Street, N.W.
Washington, D.C. 20549

Re: Premier Mortgage Corporation
Registration Number 2-75630

Dear Mr. Judd:

We are successor counsel to Premier Mortgage Corporation ("Premier") with respect to the continuing request that the Division take a "no-action" position with respect to the insurance of its Mortgage Stream TM Bonds ("Bonds") or that Premier be held to be exempt from the provisions of the Investment Company Act of 1940 ("Act") pursuant to Section 6 (c) thereof.

In a recent telephone communication you have asked two questions with respect to the relationship between Premier and the savings and loan associations which originate the mortgage loans ("the Associations") securing the notes issued by the Associations to Premier and subsequently the Bonds ("Notes"). We understand these questions ,in substance,to be as follows:

First: Does Premier have any ownership of the mortgages?

Second: In the event of a default by one or more of the Associations does Premier have control over the mortgages and the proceeds of the mortgages?

Both questions can be answered in the affirmative. We also renew our request for equal consideration of the issue with previous determinations.

Ownership of Mortgages. Premier can be considered to be the beneficial owner of the mortgages while the Associations retain legal title.

The principal governing instrument between Premier and the Association is the Loan and Security Agreement. Pursuant to this agreement, the Associations, to secure payment of the Notes issued by the Associations to Premier, not only pledge but assign to Premier (i) the mortgages and, separately, (ii) the payments to be made under the mortgages (see section 2.02). As more fully described below, the mortgages are delivered to Premier by the Associations and are not left in possession of the Associations at any time. The Associations have limited access to the mortgages as required for servicing the mortgages. As the Federal Court of Appeals stated in Federal Deposit Insurance Corp. v. Mademoiselle, 379 F.2d 660, 665 (9th Cir. 1967), particularly with respect to an assignment of payments to be received in the future:

> An assignment of payments to be made *in futuro*, usually in the form of accounts receivable, is held to pass legal title in the proceeds to the assignee. Ramsey v. Marlin Firearms Corp., 14 F.2d 314 (D.Conn. 1925). The assignor becomes a collection agent for the assignee so that upon the insolvency of the assignor, the proceeds of the accounts in the hands of the receiver are the property of the assignee. Estes v. E.B. Estes & Sons, 24 F.2d 756 (D.Mass. 1927).

We believe that the assignment of the mortgages, the separate assignment of the proceeds of the mortgages and the delivery of possession of the mortgages by the Associations to Premier equates with beneficial ownership of the mortgages in Premier.

Premier's Rights Upon Default. In the event of a default by one or more of the Associations, Premier has a number of contractual rights to exclude the defaulting associations from an interest in the mortgages.

As a predicate to the discussion of a default by one or more of the Associations, it is useful to discuss the physical location of the mortgages at the time of default and how the mortgages got there. A summary of the more significant elements of this situation follows:

(a) Pending payment for the Notes and before the closing of the transaction, the Associations deliver the mortgages to an escrowholder. Upon payment, the escrowholder delivers to Premier physical possession of the mortgages. [See Section 2.03 (c).]

(b) Premier then delivers the mortgages to the Agent-Trustee for the mutual benefit of Premier and the bondholders. [See Section 2.03 (c).]

(c) The Agent holds the Notes and the mortgages as agent for Premier and then as Trustee for the benefit of the bondholders. [See Section 9.01.]

Thus, at the time of a default, the mortgages will be physically located on the premises of the Trustee and cannot be reached by any defaulting association.

A summary of Premier's rights in the event of a default include:

(a) Premier has the right to prevent the defaulting associations from servicing the mortgages i.e., the mortgagees will pay their mortgages payments to some other servicer [see Section 6.05 (b)];

(b) Premier has the right to name the successor servicer [see Section 6.05 (b)];

(c) The defaulting Associations may be prevented by Premier from executing assumption agreements [see Section 6.02]; from temporary possession of the mortgages for servicing purposes [see Section 6.03] and for releasing mortgages upon full payment of the mortgage debt [see Section 6.04]. In sum, the Associations have no rights to the mortgages for any purpose.

(d) Premier (and Agent) may (i) notify the mortgagees to make payments to the Trustee or to a successor servicer, or (ii) sell the mortgages. [See Section 8.02.] Thus, Premier may assume control over the mortgages and exercise ownership rights with respect to them as against the Associations subject to the requirement that monthly mortgage payments be paid to an alternate servicer or the Trustee. In reality, through other contractual arrangements, Premier undertakes to preserve the mortgages for the benefit of the bondholders, however, this subject is beyond the scope of the questions presented.

Request for Equal Consideration. In a letter written by counsel for Premier to you dated March 2, 1982 we pointed to numerous issues of mortgaged-back securities which had been registered with the Securities and Exchange Commission and which were not made subject to the Act. True, each of these issues were of "pass-through" mortgaged-backed securities while Premier seeks to issue "pay-through" mortgaged-backed securities. However, no generic difference exists between a "pass-through" bond and a "pay-through" bond. The differences in structure are minimal. It would be difficult to understand how a "pass-through" bond would be exempt from the Act, but a "pay-through" bond would not be exempt. We are submitting pages 4-5 of the March 22, 1982 letter as an attachment to this letter. In particular, we again wish to emphasize as stated in the excerpt, that the American Home, U.S. Home Finance and Merrill Lynch issues are in structure and effect virtually identical to the Premier issue. Neither issue was held to be subject to the Act. We respectfully request application of these precedents to Premier's bond issue.

Conclusion

It is apparent that the questions recently directed at Premier continue to relate to whether the interest which Premier has in the Notes and the mortgages securing the Notes constitues "interest in real estate" as the term is employed in the Act. We submit, that Premier has the same "interest in real estate" as the issues had in the American Home, U.S. Home Finance, the Merrill Lynch and the other issues referred to in the attached extract. We believe this should be despositive of the issue.

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To the extent ownership interest in the mortgages by Premier or the right of Premier to control the mortgage payments in the event of a default is necessary to reinforce a "no action" position or an exemption from the Act we have supplied this information above.

We are anxious to have our registration become effective as soon as possible. Should further information be desired, lease do not hesitate to call the undersigned, collect, at (213) 859-1200.

Sincerely,

Ernest Leff

Ernest Leff

EL/bd

cc: Sidney L. Cimmet, Esq.
Chief Counsel