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ARIZONA CORPORATION COMMISSION

JAMES MATTHEWS
EXECUTIVE SECRETARY

SECURITIES DIVISION
1300 West Washington
Third Floor
TELEPHONE: (602) 542-4242
FAX: (602) 542-3583

October 6, 1994

Martin R. Miller, Esq.
Orrick, Herrington & Sutcliffe
Twenty-Ninth Floor
599 Lexington Avenue
New York, NY 10022-6030

RE: Lida Inc. File # S-41594
A.C.C. § R14-4-137

Dear Mr. Miller:

On the basis of the facts set forth in your letter of September 16, 1994, and in reliance upon your opinion as counsel, the Securities Division will not recommend enforcement action for violation of the Securities Act of Arizona should the transaction take place as set forth in your letter.

As this position is premised upon the facts set forth in your letter, it should not be relied on for any other set of facts or by any other person. Please also note that this position applies only to the registration requirements of the Act; the anti-fraud provisions of the Act continue to be applicable.

We have attached a photocopy of your letter. By doing this we are able to avoid having to recite or summarize the facts set forth therein.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dee Ridell Harris".

DEE RIDDELL HARRIS
Director of Securities

DRH:nc
Attachment

ORRICK, HERRINGTON
& SUTCLIFFE

September 16, 1994

FEDERAL EXPRESS

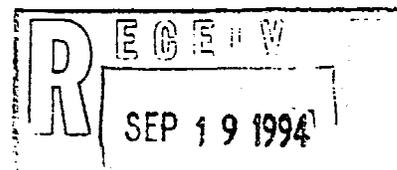
Mr. Nicholas Cornelius
Corporation Commission
Securities Division
1300 West Washington Street, Third Floor
Phoenix, Arizona 85007

Re: Lida Inc.; in Settlement of Class Action

Dear Mr. Cornelius:

As we discussed, the above-referenced Company, Lida Inc. (the "Company"), proposes to convey cash and 290,000 shares of its Class A common stock, in settlement of a class action lawsuit, to members of the plaintiff class. I filed a letter for R14-4-137 with your office some weeks ago.

The Company's Class A common stock ("Common Stock") is designated on the NASDAQ/NMS. The additional 290,000 shares of Common Stock to be issued as part of the settlement will also be NASDAQ/NMS. As I described, a court hearing was held September 8, 1994, at which time the court granted preliminary approval of the terms of the settlement as fair and reasonable. The court also ordered that notice of the settlement be sent to all class members by first class mail and by publication of a notice in the newspaper. The class will consist of all persons who purchased the Company's Common Stock between May 6th and September 16th, 1992, excluding the As Named in the lawsuit and their affiliates and immediate families. Once the settlement receives final judicial approval, the Company will issue 290,000 shares of Common Stock exempt from registration pursuant to Section 3(a)(10) of the Securities Act of 1933. Such Common Stock will be NASDAQ/NMS stock and also will be equal to currently listed and trading NASDAQ/NMS Common Stock of the Company.



**ORRICK, HERRINGTON
& SUTCLIFFE**

Nicholas Cornelius
September 16, 1994
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Sec. R14-4-137 of the regulations pursuant to the Arizona Securities Act (the "Act") provides an exemption for securities issued pursuant to court or government order.

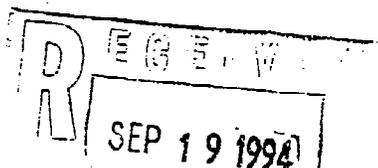
Regulation Sec. R14-4-137 provides that a notice of hearing should be filed with the Commissioner 10 days before the hearing upon the fairness of the terms.

As described above, there was a preliminary hearing on fairness on September 8, 1994. However, there will be a final hearing with the judge after persons in the class have had time to receive notice and decide to take the settlement or to "opt out". This hearing will be sometime this fall, probably in November.

It is my understanding that the final hearing is the hearing that Sec. R14-4-137 subpart 1. refers to. This is apparent in that subpart 2., which talks about giving notice of a hearing to interested persons, will happen only after the preliminary hearing on September 8, 1994. In addition, in that the notice of settlement to be mailed to the class members will not be printed until after the September hearing, we could not have filed the "notice" before that hearing and could not comply with the Rule. You recommended that I ask for a no-action letter to confirm that subpart 1. would refer to the final hearing and the offering could rely on R14-4-137.

The Securities will be NASDAQ/NMS. In that issuer is not excluded from the term "dealer" in the Act, offers and sales must be effected by or through a broker-dealer registered in Arizona or pursuant to R14-4-137. The Common Stock will be made available to members of the Class by court order, and it is not anticipated that it will be done through an Arizona registered broker-dealer. Therefore, we ask that you confirm our reliance on R14-4-137.

Enclosed is our check in the amount of \$100.00 to add to the \$100.00 payment for the fee for R14-4-137 I sent earlier. Together these two checks should be considered the payment of the



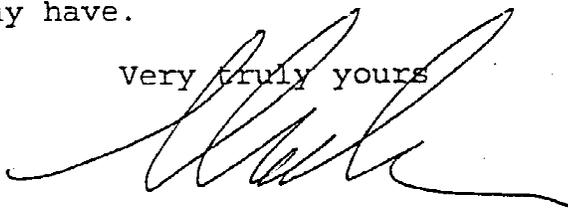
ORRICK, HERRINGTON
& SUTCLIFFE

Nicholas Cornelius
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fee for a no-action letter. We will file a copy of the notice as soon as it is available.

Please feel free to call me at (212) 326-8834 with any comments or questions you may have.

Very truly yours



Martin R. Miller

Enc.

