

MARCIA WEEKS
CHAIRMAN

RENZ D. JENNINGS
COMMISSIONER

DALE H. MORGAN
COMMISSIONER



ARIZONA CORPORATION COMMISSION

JAMES MATTHEWS
EXECUTIVE SECRETARY

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

November 16, 1994

K. Scott Fife, Esq.
Housley Goldberg Kantarian & Bronstein, P.C.
1220 19th Street, N.W., Suite 700
Washington, D.C. 20036

RE: Twin City Bancorp, Inc.
A.R.S. § 44-1844(A)(6)

Dear Mr. Fife:

On the basis of the facts set forth in your letter of October 25, 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 (the "Act") should the transaction within Arizona be limited to the Subscription Offering.

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 cursive script, appearing to read "Dee Rid dell Harris".

DEE RIDDELL HARRIS
Director of Securities

DRH:lb
Attachment

HOUSLEY GOLDBERG KANTARIAN & BRONSTEIN, P.C.

ALLAN D. HOUSLEY*
DANIEL J. GOLDBERG
HARRY K. KANTARIAN
LEONARD S. VOLIN
MATTHEW G. ASH
GARY R. BRONSTEIN
EDWARD B. CROSLAND, JR.
JAMES I. LUNDY, III
HOWARD S. PARRIS
DANIEL H. BURD
JAMES C. STEWART
K. SCOTT FIFE
CYNTHIA R. CROSS
PAUL D. BORJA*
J. MARK POERIO*
JOEL E. RAPPOPORT
NEIL H. SEIDMAN*
JOAN S. GUILFOYLE*

SUITE 700
1220 19TH STREET, N. W.
WASHINGTON, D. C. 20036

TELEPHONE
(202) 822-9611
TELECOPIER
(202) 822-0140

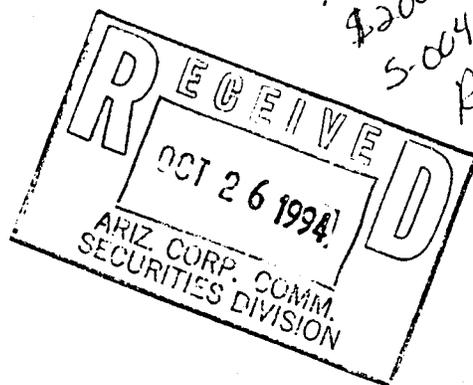
BY FEDERAL EXPRESS

October 25, 1994

*NOT ADMITTED IN DC

Dee R. Harris, Director
Corporation Commission
Securities Division
1200 West Washington Street
Suite 201
Phoenix, Arizona 85007

Re: Twin City Bancorp, Inc.
No-Action Request



Dear Mr. Harris:

On behalf of Twin City Federal Savings Bank, Bristol, Tennessee (the "Bank"), and Twin City Bancorp, Inc. (the "Company"), we are filing a no-action request pursuant to Section 44-1861(L) of the Arizona Blue Sky Act (the "Act"). The Company, a Tennessee corporation, was incorporated on September 19, 1994 in order to become a holding company for the Bank. The Bank will convert from a federally chartered mutual savings bank to a federally chartered stock savings bank (the "Conversion") and simultaneously become a wholly-owned subsidiary of the Company. In connection with the reorganization of the Bank, up to \$11,902,500 (1,190,250 shares at \$10.00 per share) of the common stock of the Company, par value \$.01 per share (the "Common Stock"), will be sold to certain persons, including residents of the State of Arizona.

The purpose of this letter is to request that the Division of Securities confirm that, with respect to the facts and circumstances discussed herein:

(i) The proposed sale of Common Stock of the Company is exempt from registration in the State of Arizona pursuant to Section 44-1844(6) of the Act. We request that this exemption apply to depositors and certain borrowers of the Bank residing in Arizona in the Subscription Offering as described below.

(ii) The Company will not be subject to broker-dealer registration pursuant to Section 44-1842 due to the sale of the Common Stock being an exempt transaction pursuant to Section 44-1844(6) of the Act.

Dee R. Harris, Director
Corporation Commission
Securities Division
October 25, 1994
Page 2

(iii) For purposes of the proposed sale of the Common Stock, officers and directors of the Company will not be subject to registration as salesmen pursuant to Section 44-1842 due to the sale of the Common Stock being an exempt transaction pursuant to Sections 44-1844(6) of the Act.

(iv) No filings are required to be made in connection with the proposed issuance of the Common Stock.

On June 20, 1994, the Board of Directors of the Bank adopted a Plan of Conversion (the "Plan") whereby the Bank will convert from a federally chartered mutual savings bank to a federally chartered stock savings bank, as a wholly owned subsidiary of the Company. The Bank has filed an Application for Approval of Conversion on Form AC with the Office of Thrift Supervision (the "OTS") for permission to convert to a stock savings bank. In connection with the Conversion of the Bank from a mutual savings bank to stock savings bank, the Bank has proposed that all of its shares of capital stock to be issued in the Conversion will be acquired by the Company.

The Company filed a Registration Statement on Form S-1 with the Securities and Exchange Commission ("SEC") on September 21, 1994 (the "Registration Statement"), to register the shares of Common Stock to be sold in the Conversion. The pro forma market value of the Common Stock to be sold in the Conversion has been determined by an independent appraisal prepared by RP Financial, Inc., Washington, D.C., and is based upon a valuation range 15% below to 15% above the appraisal value of the Bank. Upon consummation of the Conversion, the Bank will become a wholly owned subsidiary of the Company, and, at such time, the Company's assets shall consist solely of the stock of the Bank, which it will acquire in the Conversion, the Company's initial capitalization and a note payable from the Company's Employee Stock Ownership Plan which will purchase shares of Common Stock in the Conversion with funds borrowed from the Company. The Conversion is subject to the approval of the members of the Bank at a Special Meeting of Members expected to be held in early December 1994. A proxy statement seeking to obtain such approval by the members of the Bank will be delivered to all voting members promptly after effectiveness of the Registration Statement.

As part of the Conversion, the Company is conducting a Subscription Offering of the Common Stock for holders of non-transferable Subscription Rights in the following order of priority in accordance with regulations of the OTS: (i) depositors of the Bank as of May 31, 1993 ("Eligible Account Holders"); (ii) the Company's Employee Stock Ownership Plan (the "ESOP") (a tax-qualified employee stock benefit plan of the Company, as defined in the Plan); (iii) depositors of the Bank as of the last day of the calendar quarter preceding approval of the Plan of Conversion by the OTS (expected to be September 30, 1994); and (iv) certain depositors and borrowers as of the record date for the Special Meeting of Members (expected to be in early November 1994) ("Other Members"). Concurrently, and subject to the prior rights of holders of Subscription Rights, the Company is offering the shares of Common Stock not subscribed for in the Subscription Offering for sale to the general public in a Community Offering.

Dee R. Harris, Director
Corporation Commission
Securities Division
October 25, 1994
Page 3

The OTS conversion regulations generally require that the minimum amount of Common Stock offered in the Conversion must be sold in order for the Conversion to become effective. At least \$7,650,000 of the Common Stock must be sold in order for the Conversion to be completed. All shares of the Common Stock not sold in the Subscription Offering will be offered in the Community Offering. Regulations further require completion of the Community Offering within 45 days after the last day of the Subscription Offering period unless such period is extended by the Bank with the approval of the regulatory authorities.

We believe that the exemption pursuant to Section 44-1844(6) is applicable to these facts. The conversion of the Bank to stock form, the reorganization of the Bank into the holding company form of ownership and the concurrent stock offering by the Company must be approved by the OTS pursuant to applicable statutes and the rules and regulations of the OTS and by the depositor and borrower members of the Bank who currently hold voting rights in the Bank. The members of the Bank will also receive subscription rights to buy stock in the Conversion stock offering. Such members currently are comparable to stockholders, but if they approve the Conversion they will receive subscription rights in the Conversion and will lose their voting rights upon the consummation of the Conversion. In effect they are exchanging their voting rights in the Bank in consideration for the right to buy shares of the Common Stock of the Company in the Conversion stock offering.

The offering of the Common Stock of the Company is expected to commence in early November 1994, and the Conversion and the sale of such stock is expected to be consummated in late December 1994. The offering of the Common Stock of the Company will be carried out by the officers and directors of the Company, who will be given no commissions or additional remuneration for their role. The Bank has engaged Trident Securities, Inc. to assist in the distribution and sale of Common Stock, on a best efforts basis, in the Subscription and Community Offerings. No firm commitment underwritten public offering is contemplated at this time.

In connection with this request, a check for \$200 in payment of the applicable fee and a copy of the Company's Registration Statement on Form S-1 including exhibits is enclosed herein. Please do not hesitate to call Lauren Martucci of this office or the undersigned if you have any questions regarding this no-action request. Thank you for your prompt attention to this matter.

Sincerely,



K. Scott Fife

1749

cc: Thad R. Bowers, President
Gary R. Bronstein, Esquire
Lauren K. Martucci, Legal Assistant