

[SEC No-Action Letters, Anka, Paul, Securities and Exchange Commission, \(Jul. 24, 1991\)](#)

SEC No-Action Letters
WSB File No. 072991011

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91 CCH Dec., FSLR ¶79,797, Anka, Paul

Headnote

91 CCH Dec., FSLR ¶79,797

Exchange Act--Registration of Broker-Dealers--Limited Partnerships--Prospective Investors.--

Enforcement action under Section 15(a) would not be recommended if an individual provides an Ontario, Canada limited partnership with the names of prospective U.S. and Canadian purchasers of limited partnership units issued by the partnership, without registering as a broker-dealer under Section 15(b). The U.S. persons will be potential investors whom the individual reasonably believes to be accredited investors as that term is defined in Regulation D under the 1933 Act. The Canadian persons will be potential investors whom the individual reasonably believes to be eligible to purchase the units under the exemption from registration under Section 711d of the Ontario Securities Act.

See FSLR ¶25,001, "Exchange Act--Broker-Dealer Regulation"

Company: Anka, Paul

Public Availability Date: July 24, 1991

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Fiche Locator No. 1925G5

WSB Subject Categories: 001

Reference:

Securities Exchange Act of 1934, Section 15(a)(1)

_____ Washington Service Bureau Summary _____

Headnote

...The staff will not recommend Commission action under the 1934 Act if this individual engages in the activities described below without registering as a broker-dealer under the 1934 Act. The individual has entered into an agreement with the Ottawa Senators Hockey Club L.P. (the "Senators"), an Ontario limited partnership, and Terrace Investments Ltd., an Ontario company and the managing general partner of the Senators ("Terrace"), to provide the Senators with the names of prospective purchasers of limited partnership units issued by the Senators. Ownership interests in the Senators are represented by 100,000 limited partnership units, which are classified into 49,000 Class A units, 24,500 Class B units and 26,500 Class C units. The Senators and Terrace represent that sales of Class A units and Class B units will be made in the U.S. in compliance with applicable exemptions from the registration requirements of the 1933 Act and in Canada in compliance with the registration requirements of the Ontario Securities Act and applicable exemptions. Sales in Canada will be limited to purchasers who are purchasing or who make the investment as a principal for investment purposes

only and not with a view to resale or distribution, and who purchase a minimum of Cdn. \$150,000 of units. The Senators will use the proceeds from both U.S. and Canadian sales of Class A units and Class B units to meet the financial requirements established by the National Hockey League (the "NHL") as a condition of admitting the Senators to the NHL. The individual has agreed to furnish the Senators with the names and telephone numbers of persons in the U.S. and Canada with whom he has a bona fide, pre-existing business or personal relationship and whom he believes may be interested in purchasing Class A units or Class B units. The U.S. persons will be potential investors whom the individual reasonably believes to be accredited investors as that term is defined in 1933 Act Regulation D. The Canadian persons will be potential investors whom the individual reasonably believes to be eligible to purchase the units under the exemption from registration under Ontario Securities Act section 71 1 d . The individual has agreed to purchase 1,799 Class B units from Terrace. Only directors, officers or employees will contact any potential investors identified by the individual, in reliance on 1934 Act rule 3a4-1. When directors, officers or employees of the Senators or Terrace contact a potential investor, they will indicate that the investor's name and telephone number were furnished to the Senators by the individual, who will not participate in any negotiations between the Senators and any potential investors. The individual will not solicit these persons, make any recommendations to them regarding an investment in the Senators, or have any contact with them concerning the Senators, either before or after directors, officers or employees of the Senators or Terrace contact them upon receiving their names and telephone numbers from him. The individual also will not participate in any advertisement, endorsement or general solicitation in the U.S. regarding investment in the Class A units or Class B units. The individual has not participated, and will not participate, in the preparation of any materials, including financial data or sales literature, relating to the sale or purchase of the Class A units or Class B units or in the distribution of these materials to any potential investor. The individual will not perform any independent analysis of the sale, engage in any "due diligence" activities, assist in or provide financing for such purchases, provide any advice relating to the valuation of or the financial advisability of such an investment, or handle any funds or securities. The individual represents that he has not previously engaged in any private or public offering of securities, other than buying and selling securities for his own account through a broker-dealer, and has not acted as a broker or finder for other private placements of securities. The individual also represents that he does not intend to participate in any distribution of securities after the completion of the proposed private placement. Sales of Class A units and Class B units commenced in Canada on March 8, 1991, but the individual has not yet commenced the proposed activities. The Senators have agreed to make the Class A units and Class B units remaining to be sold available for purchase by investors identified by the individual and by the individual himself. The Senators also have agreed to pay to the individual upon the sale of the Class A units and Class B units to those investors a finder's fee equal to 10% of the sales price of the units sold. The individual also will receive the finder's fee for any additional Class A units or Class B units he may purchase. The individual and the Senators have agreed that he can receive the 10% fee in connection with a maximum of Cdn. \$9.45 million of sales resulting from his identification of potential investors or from his own additional purchases. In addition, the Senators have agreed to pay to the individual a 1% fee on all other sales of units made after May 13, 1991. The Senators and Terrace alone have determined the sales price of the securities to be sold and have prepared all offering materials. The Senators and Terrace represent that they will disclose to each investor identified by the individual the 10% finders' fee to be paid to the individual and also will disclose to all other investors the 1% fee to be paid to the individual.

[INQUIRY LETTER 1]

KAYE, SCHOLER, FIERMAN, HAYS & HANDLER

1999 AVENUE OF THE STARS, SUITE 1600

LOS ANGELES, CALIFORNIA 90067

TELEPHONE(213) 788-1000

May 17, 1991

1934 Act/Sections 3(a)(4) and 3(a)(5)

1934 Act/Section 15(a)

May 17, 1991

Office of Chief Counsel

Division of Market Regulation

Securities and Exchange Commission

450 Fifth Street, N.W.

Washington, D.C. 20549

**Re: Request for No-Action Letter - - Sections 3(a)(4),
3(a)(5) and 15(a) of the Securities Exchange Act
of 1934**

Ladies and Gentlemen:

On behalf of Mr. Paul Anka ("Mr. Anka"), the opinion of the Staff of the Division of Market Regulation (the "Staff") of the Securities and Exchange Commission (the "Commission") is requested regarding the applicability of Sections 3(a)(4), 3(a)(5) and 15(a) of the Securities Exchange Act of 1934 (the "1934 Act") to Mr. Anka.

Mr. Anka has entered into an agreement with The Ottawa Senators Hockey Club Limited Partnership, a limited partnership organized under the laws of the Province of Ontario, Canada (the "Senators"), and Terrace Investments Limited, a corporation incorporated under the laws of the Province of Ontario, Canada and the managing general partner of the Senators ("Terrace"), by which, among other things, Mr. Anka has agreed to purchase 1,799 Class B Units (1.8% of the total limited partnership units) from Terrace. Ownership interests in the Senators are represented by 100,000 limited partnership units, which are classified into 49,000 Class A Units, 24,500 Class B Units and 26,500 Class C Units.

Subject to receipt of the Staff's concurrence with the opinions set forth in this letter, Mr. Anka has also agreed to use his reasonable efforts to introduce potential "accredited investors" (as that term is defined in Regulation D promulgated under the Securities Act of 1933 (the "1933 Act")) interested in purchasing Class A and/or Class B Units to the Senators. The Senators have agreed to make available Class A and Class B Units for purchase by such investors and Mr. Anka, and to pay to Mr. Anka upon the sale of Class A and/or Class B Units to such investors a finder's fee equal to 10% of the sales price of the units sold. Mr. Anka will also receive such a finder's fee for any additional Class A and/or Class B Units he may purchase. The Senators have also agreed to pay to Mr. Anka a 1% fee on all sales of Units (except those Class A and/or B Units sold to investors introduced by Mr. Anka to the Senators and those additional Class A and/or B Units sold to Mr. Anka for which the 10% finder's fee is payable) made after May 13, 1991.

Mr. Anka's activities will be limited to the introduction of potential accredited investors to the Senators. Mr. Anka will describe to the potential accredited investor the name of the issuer and the price per Class A and/or Class B Unit. He will also disclose to the potential investor his percentage ownership interest in the Senators and his right to receive a finder's fee in the event such investor purchases Class A and/or B Units. If an investor expresses interest, Mr. Anka will then forward the investor's name, address and telephone number to the Senators. Mr. Anka will not participate in any negotiations between the Senators and the investors. Mr. Anka has not participated, and will not participate, in (a) the preparation of any materials (including financial data or sales literature) relating to the sale or purchase of the Class A or Class B Units or (b) the distribution of any such materials to any potential investor. Mr. Anka will not (i) perform any independent analysis of the sale, (ii) engage in any due diligence activities, (iii) assist in or provide financing for such purchases, (iv) provide any

advice relating to the valuation of or the financial advisability of such an investment, or (v) handle any funds or securities.

Mr. Anka is a world class entertainer and has advised us that he has not been previously engaged in any private or public offering of securities (other than buying and selling securities for his own account through a broker) and has not acted as a broker or finder for other private placements of securities. He has further advised us that he does not intend to participate in any distribution of securities after the completion of this proposed private placement.

The Senators and Terrace have advised us that the proposed sales of Class A and B Units will be made in the United States in compliance with applicable exemptions from the registration requirements of the 1933 Act and in Canada in compliance with the registration requirements of the Ontario Securities Act, R.S.O. 1980, c. 466, as amended, and applicable exemptions therefrom. The Senators and Terrace have retained separate United States counsel to advise them regarding compliance with United States securities laws. The Senators and Terrace have advised us that sales in Canada will be limited to purchasers (i) who are purchasing or who make the investment as a principal for investment purposes only and not with a view to resale or distribution and (ii) who purchase a minimum of \$150,000 CDN of Units.

The Senators and Terrace will solely determine whether a sale of Class A or Class B Units is to be made to a U.S. investor. The Senators and Terrace have solely determined the sales price of the securities to be sold and prepared all offering materials. The Senators and Terrace have advised us that they will disclose to each investor introduced to them by Mr. Anka the 10% finder's fee to be paid to Mr. Anka and will also disclose to all other investors the 1% fee to be paid to Mr. Anka.

The Staff has issued several no-action letters with respect to similar finder's fee arrangements which support out interpretation that the activities proposed to be conducted by Mr. Anka will not be within the definition of a broker or dealer pursuant to Sections 3(a)(4) and 3(a)(5) of the 1934 Act and will not require Mr. Anka to be registered pursuant to Section 15(a) of the 1934 Act. In *Victoria Bancroft* (available August 9, 1987), Ms. Bancroft proposed to introduce former clients and her associates and friends to persons she knew to be involved in the selling of various commercial banks and savings and loans associations. Bancroft's activities were to be limited to a description to the potential purchaser of the type of financial institution, the asking price and the general location. If the potential purchaser indicated an interest in such an investment, she would then arrange a meeting between the seller and the potential purchaser.

The Staff concluded that it would not recommend enforcement action if Bancroft did not register as a broker-dealer, noting, among other things, the following facts: (a) Bancroft was to have a limited role in the negotiations between the purchaser and seller, (b) the businesses represented by Bancroft were going concerns and not "shell" organizations, (c) Bancroft was not to advise the parties whether to issue securities or assess the value of any securities sold, (d) Bancroft would not assist the purchasers in obtaining financing, (e) Bancroft would not participate in the preparation of any materials related to the transaction or distribute any such prepared information (except that which was publicly available) and (f) Bancroft would not undertake any due diligence activities or independent analysis of the transaction. See also, *John Di Meno* (available October 11, 1978) and *Carl L. Feinstock* (available April 1, 1979).

On the basis of the foregoing, it is respectfully requested that the Staff concur in the following views in connection with the finder's fee arrangement between Mr. Anka and the Senators: (1) Mr. Anka will not be acting as a broker or dealer as defined by Sections 3(a)(4) and 3(a)(5) of the 1934 Act; and (2) Mr. Anka is not required by Section 15(a) of the 1934 Act to be registered as a broker or dealer.

We would appreciate your prompt consideration of these matters. If for any reason you feel that you are unable to recommend "no-action," we request the opportunity to discuss the issues described herein prior to your issuance of an official response.

If you should have any questions in connection with this letter, please do not hesitate to telephone me at (213) 788-1040, or in my absence, Lynne M.O. Brickner at (213) 788-1003.

In accordance with Rule 81 of the Commission and Release 33-5127, four (4) additional copies of this letter are enclosed.

Very truly yours,

Gary Apfel

[INQUIRY LETTER 2]

KAYE, SCHOLER, FIERMAN, HAYS & HANDLER

1999 AVENUE OF THE STARS, SUITE 1600

LOS ANGELES, CALIFORNIA 90067

TELEPHONE(213) 788-1000

July 12, 1991

1934 Act/Sections 3(a)(4) and 3(a)(5)

1934 Act/Section 15(a)

July 12, 1991

Office of Chief Counsel

Division of Market Regulation

Securities and Exchange Commission

450 Fifth Street, N.W.

Washington, D.C. 20549

Re: Request for No-Action Letter - - Sections 3(a)(4),

3(a)(5) and 15(a) of the Securities Exchange Act

of 1934

Ladies and Gentlemen:

In accordance with our telephone conversations with the Staff of the Division of Market Regulation (the "Staff") of the Securities and Exchange Commission (the "Commission") regarding the applicability of Sections 3(a)(4), 3(a)(5) and 15(a) of the Securities Exchange Act of 1934 (the "1934 Act") to our client, Mr. Paul Anka ("Mr. Anka"), we are furnishing additional information as requested by the Staff. This letter supplements our previous letter dated May 17, 1991 and, unless otherwise defined herein, capitalized terms used in this letter shall have the same meanings as defined in such earlier letter.

Subject to receipt of the Staff's concurrence with the opinions set forth in this letter, Mr. Anka proposes to furnish to the Senators names of potential "accredited investors" (as that term is defined in Regulation D promulgated under the Securities Act of 1933 (the "1933 Act")) in the United States and potential non-United States investors (who will purchase pursuant to the exemptions under Section 71 1d of the Securities Act of Ontario) in Canada with whom he has a preexisting personal and/or business relationship and whom he thinks may be interested in purchasing Class A and/or Class B Units. In accordance with the exemption contained in Rule 3a4-1 of the General Rules and Regulations promulgated under the 1934 Act, only the directors, officers and employees of the Senators and Terrace Investments Limited, the corporate general partner of the Senators (that is, an "associated person of an issuer" as defined therein), will contact such potential investors, not Mr. Anka. When the directors, officers and employees of the Senators and Terrace contact such persons, they will indicate that the potential investor's name and telephone number were furnished to the Senators by Mr. Anka. Mr. Anka

will not participate in any negotiations between the Senators and the investors. Mr. Anka will not solicit such investors and will not make any recommendations regarding an investment in the Senators to any potential investor. Mr. Anka will not participate in any advertisement, endorsement or general solicitation in the United States regarding an investment in the Class A and/or B Units.

On the basis of our letter dated May 17, 1991 and the foregoing, it is respectfully requested that the Staff concur in the following views in connection with the finder's fee arrangement between Mr. Anka and the Senators: (1) Mr. Anka will not be acting as a broker or dealer as defined by Sections 3(a)(4) and 3(a)(5) of the 1934 Act; and (2) Mr. Anka is not required by Section 15(a) of the 1934 Act to be registered as a broker or dealer.

We would appreciate your prompt consideration of these matters. If for any reason you feel that you are unable to recommend "no-action," we request the opportunity to discuss the issues described herein prior to your issuance of an official response.

If you should have any questions in connection with this letter, please do not hesitate to telephone me at (213) 788-1040, or in my absence, Lynne M.O. Brickner at (213) 788-1003.

In accordance with Rule 81 of the Commission and Release 33-5127, four (4) additional copies of this letter are enclosed.

Very truly yours,

Gary Apfel

[STAFF REPLY LETTER]

July 24, 1991

Gary Apfel, Esq.

Kaye, Scholer, Fierman,

Hays & Handler

1999 Avenue of the Stars, Suite 1600

Los Angeles, California 90067

Re: *Paul Anka*

Dear Mr. Apfel:

In your letters dated May 17, 1991 and July 12, 1991 on behalf of Paul Anka, supplemented by telephone conversations between you and Lynne Brickner of your office and the staff of the Division of Market Regulation, you request the Division's assurance that it will not recommend enforcement action to the Commission under Section 15(a) of the Securities Exchange Act of 1934 (the "Exchange Act") if Mr. Anka engages in the activities described below without registering with the Commission as a broker-dealer under Section 15(b) of the Exchange Act.

We understand the facts to be as follows:

Mr. Anka has entered into an agreement with The Ottawa Senators Hockey Club Limited Partnership, a limited partnership organized under the laws of the Province of Ontario, Canada (the "Senators"), and Terrace Investments Limited, a corporation incorporated under the laws of the Province of Ontario, Canada and the managing general partner of the Senators ("Terrace"), to provide the Senators with the names of prospective purchasers of limited partnership units, issued by the Senators. Ownership interests in the Senators are represented by 100,000 limited partnership units, which are classified into 49,000 Class A Units, 24,500 Class B Units, and 26,500 Class C Units. You represent that the Senators and Terrace have advised you that sales of Class A and B Units will be made in the United States in compliance with applicable exemptions from the registration requirements of the Securities Act of 1933 ("Securities Act") and in Canada in compliance with the registration requirements of the Ontario Securities Act, R.S.O. 1980, c. 466, as amended, and applicable

exemptions. The Senators and Terrace have advised you that sales in Canada will be limited to purchasers who are purchasing or who make the investment as a principal for investment purposes only and not with a view to resale or distribution, and who purchase a minimum of Cdn \$150,000 of units. The Senators will use the proceeds from both U.S. and Canadian sales of Class A and Class B Units to meet the financial requirements established by the National Hockey League (the "NHL") as a condition of admitting the Senators to the NHL.

In particular, Mr. Anka has agreed to furnish the Senators with the names and telephone numbers of persons in the United States and Canada with whom he has a bona fide, pre-existing business or personal relationship and whom he believes may be interested in purchasing Class A or Class B Units. The U.S. persons will be potential investors whom Mr. Anka reasonably believes to be accredited investors as that term is defined in Regulation D under the Securities Act. The Canadian persons will be potential investors whom Mr. Anka reasonably believes to be eligible to purchase the units under the exemption from registration under Section 711d of the Ontario Securities Act. Mr. Anka himself has agreed to purchase 1,799 Class B Units (1.8 percent of the total limited partnership units) from Terrace.

Only directors, officers, or employees of the Senators or Terrace will contact any potential investors identified by Mr. Anka, in reliance on Rule 3a4-1 under the Exchange Act. When directors, officers, or employees of the Senators or Terrace contact a potential investor, they will indicate that the investor's name and telephone number were furnished to the Senators by Mr. Anka. Mr. Anka will not participate in any negotiations between the Senators and any potential investors. Mr. Anka will not solicit these persons, make any recommendations to them regarding an investment in the Senators, or have any contact with them concerning the Senators, either before or after directors, officers, or employees of the Senators or Terrace contact them upon receiving their names and telephone numbers from him.

In addition, Mr. Anka will not participate in any advertisement, endorsement, or general solicitation in the United States regarding investment in the Class A or Class B Units. Mr. Anka has not participated, and will not participate, in the preparation of any materials (including financial data or sales literature) relating to the sale or purchase of the Class A or Class B Units or in the distribution of these materials to any potential investor. Mr. Anka will not perform any independent analysis of the sale, engage in any "due diligence" activities, assist in or provide financing for such purchases, provide any advice relating to the valuation of or the financial advisability of such an investment, or handle any funds or securities. Finally, you represent that Mr. Anka has advised you that he has not previously engaged in any private or public offering of securities (other than buying and selling securities for his own account through a broker-dealer) and has not acted as a broker or finder for other private placements of securities. You also represent that Mr. Anka has further advised you that he does not intend to participate in any distribution of securities after the completion of this proposed private placement.

You state that counsel for the Senators and Terrace have advised you that sales of Class A and Class B Units commenced in Canada on March 8, 1991, but you add that Mr. Anka has not yet commenced his proposed activities described above. While your request to the Division was pending, counsel for the Senators and Terrace informed you that there were 11,250 Class A Units remaining to be sold, in blocks of 245 units each at the price of Cdn \$205,800 per block, and 15,384 Class B Units remaining to be sold, in blocks of 257 units each at the price of Cdn \$157,862 per block. The Senators have agreed to make these Class A and Class B Units available for purchase by investors identified by Mr. Anka and by Mr. Anka himself.

The Senators also have agreed to pay to Mr. Anka upon the sale of Class A and Class B Units to those investors a finder's fee equal to 10 percent of the sales price of the units sold. Mr. Anka will also receive this finder's fee for any additional Class A or Class B Units he may purchase. Mr. Anka and the Senators have agreed that he can receive this 10 percent fee in connection with a maximum of Cdn \$9.45 million of sales resulting from his identification of potential investors or from his own additional purchases. In addition, the Senators have agreed to pay to Mr. Anka a 1 percent fee on all other sales of units made after May 13, 1991 (the date of his agreement with the Senators), *i.e.*, sales of units other than Class A or Class B Units sold to investors identified by Mr. Anka and additional Class A or Class B Units sold to Mr. Anka for which the 10 percent finder's fee is payable. The Senators and Terrace alone will determine whether a sale of Class A or Class B Units is to be made to a

U.S. investor. The Senators and Terrace alone have determined the sales price of the securities to be sold and prepared all offering materials. You represent that the Senators and Terrace have advised you that they will disclose to each investor identified by Mr. Anka the 10 percent finder's fee to be paid to Mr. Anka and will also disclose to all other investors the 1 percent fee to be paid to Mr. Anka.

Response:

Based on the facts and representations set forth above, the Division will not recommend enforcement action to the Commission under Section 15(a) of the Exchange Act if Mr. Anka engages in the activities described above without registering with the Commission as a broker-dealer under Section 15(b) of the Exchange Act. This staff position concerns enforcement action only and does not represent a conclusion on the applicability of statutory or regulatory provisions of the federal securities laws. This position also is based solely on the representations that you have made, and any different facts or conditions might require a different response.

Sincerely,

John Polanin, Jr.

Branch Chief

Office of Chief Counsel