IDAHO
DEPARTMENT OF FINANCE

JAMES E. RISCH
Governor

GAVIN M. GEE
Director

November 8, 2006

Re:

Dear

This is in reference to your letter of September 25, 2006 regarding the rescission offer to two Idaho investors.

Rule 60 of the Idaho Uniform Securities Act (IUSA) addresses offers made by a "blind pool" offering in which the issuer does not adequately identify the use of the offering proceeds. As such, we do not agree with your assertion that [redacted]. [redacted] is not a "blind pool" as defined by Rule 60. As you know, Rule 60 prohibits registration or the reliance upon exemptions under the IUSA. This rule does not distinguish between issuers that are regulated under the Investment Company Act of 1940 (Investment Company Act) and therefore, those issuers are subject to the restrictive provisions of Rule 60 IUSA.

You have represented in your correspondence to us that [redacted] has met the provisions of Sections 54-65 of the Investment Company Act and has issued its stock in accordance with Regulation E of the Securities Act of 1933. You have also represented that your request is limited to the sale of stock to two Idaho investors between February 22, 2005 and April 12, 2005. It is also our understanding that [redacted] intends to offer rescission of the securities sold to Idaho investors in accordance with Section 30-14-510 of the IUSA.

In light of the limited nature of this offering and that rescission will be offered to the two Idaho investors, we have determined that a "no enforcement position" is in the best interests of the Idaho investors in this situation. Please be aware that our "no-action" position is based on your representations. Should your representations change or be inaccurate, our position may change. Also, please note that this offering remains subject to other provisions of the IUSA including all anti-fraud provisions.

In reference to the rescission offer, as we noted in our previous letter, there are changes that are needed for the offer to be in compliance with Section 30-14-510 of the IUSA. First, the

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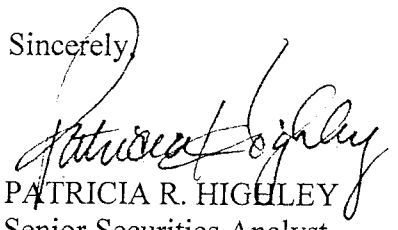
offer must include an interest rate commensurate with the legal rate of interest in Idaho. We understand that you intend to incorporate this into the rescission letter. Second, the rescission offer must be sent with a proof of receipt.

If you have any questions, please feel free to contact the undersigned.

Sincerely,



PATRICIA R. HIGHLEY
Senior Securities Analyst
Idaho Department of Finance

September 25, 2006

VIA FEDERAL EXPRESS

Idaho Department of Finance
700 West State Street, 2nd Floor
Boise, ID 83702
Attn.: Patricia A. Highly

Re:

Dear Ms. Highley:

I am writing to you in response to your letter dated September 7, 2006 concerning [redacted], a Delaware corporation ([redacted]), and our subsequent telephone conversation. In response to the first question in your letter, I have spoken with [redacted], the Chairman, President and Chief Executive Officer of [redacted], who has informed me that [redacted] is in full compliance with the requirements set forth in Section 30-14-202(14) of the Idaho Uniform Securities Act and, therefore, is able to take advantage of this exemption from registration.

With regard to the second question in your letter, please be aware that [redacted] is a business development company (a "Business Development Company") that is regulated under the Investment Company Act of 1940, as amended ("Investment Company Act"), which commenced an offering of its shares of common stock pursuant to Regulation E of the Securities Act of 1933, as amended ("Securities Act"). As a Business Development Company, [redacted] is subject to the provisions contained in Sections 54 - 65 of the Investment Company Act, and is permitted by those laws to have invested capital not specifically targeted or employed for a certain investment. It is our understanding that your Rule 60 concerning "blind pool" offerings was meant to regulate the same companies as Rule 419 of the Securities Act, and was not intended to restrict Business Development Companies such as [redacted] that are operating pursuant to a federal Regulation E exemption. Accordingly, we do not believe that your Rule 60

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would in any way restrict [redacted] from utilizing the exemption contained in Section 30-14-202(14).

In reliance on the above, I again ask you to confirm to us in writing whether the distribution of the Rescission Letter previously distributed to you, but with an increase in the interest rate to 10.125%, as well as reliance upon the above offering exemption, will bring [redacted] into compliance with your State's blue sky laws. I would appreciate your approval of the above proposed plan of action, or comments on the plan, at your earliest convenience. Please contact me with any further questions.

Sincerely,

cc:

September 6, 2006

Re: Rescission Offer

Dear Mr.

This is in reference to your request for information regarding [redacted] rescission offer to two Idaho investors.

Your letter indicates that [redacted] is a small business investment company and is regulated under the Investment Company Act of 1940. The sale of shares to Idaho investors occurred between February 22, 2005 and April 12, 2005. At the time, [redacted] made the offering pursuant to the Regulation E exemption provided under the Securities Act of 1933. No filing was made in Idaho in connection with this offering.

You appear to present two questions to this Department. First, do the Idaho sales qualify for exemption under Section 30-14-202(14) of the Idaho Uniform Securities Act (2004)(the Act). Second, do the rescission documents appear to be in compliance with the Act.

Section 30-14-202(14) and Rule 60

Section 30-14-202(14) of the Act requires the following in order for an offering to qualify for exemption from registration:

"A sale or an offer to sell securities of an issuer, if the transaction is part of a single issue in which:

(a) Not more than ten (10) purchasers are present in this state during any twelve (12) consecutive months, other than those designated in subsection (13) of this section;

(b) A general solicitation or general advertising is not made in connection with the offer to sell or sale of the securities;

(c) A commission or other remuneration is not paid or given, directly or indirectly, to a person other than a broker-dealer registered under this chapter or an agent registered under this chapter for soliciting a prospective purchaser in this state; and

(d) The issuer reasonably believes that all the purchasers in this state, other than those designated in subsection (13) of this section, are purchasing for investment"

[redacted]ust be able to demonstrate that the entire offering met the parameters of Section 30-14-202(14). Your letter does not contain enough information for us to make that determination. Please provide us with additional information regarding [redacted]'s ability to claim this exemption. If this particular exemption will not work for [redacted], please provide us with information regarding the exemption or registration that [redacted] intends to rely on for this offering.

Furthermore, Rule 60 pursuant to the Act generally prohibits the registration or exemption of "blind pool" offerings. The following is the language contained in Rule 60:

"An offering in which it is proposed to issue stock or other equity interest without an allocation of proceeds to sufficiently identifiable properties or objectives shall be considered a "blind pool" offering and one in which the duty to provide full disclosure cannot be met. Because of the inability or failure to make full disclosure, the Department is of the position that the offering would work a fraud upon purchasers and, therefore, the offering may not be registered or qualify for an exemption from registration in Idaho."

It appears from the offering materials submitted to us that [redacted] did not define use of the proceeds of this offering, and therefore, may be considered a "blind pool". If this is the case, [redacted] would not be able to claim exemption from registration under Section 30-14-202(14) of the Act. Please provide us information regarding [redacted]'s status as a "blind pool".

Rescission Documents

The rescission documents provided will require certain changes to ensure compliance with the Act. Section 30-14-510 of the Act requires that the interest rate offered is commensurate with the legal rate of interest in Idaho. For 2006, the legal rate of interest is 10.125%. Furthermore, the rescission offer must be sent with a proof of receipt.

We will look for your written response on or before October 10, 2006. If you have any questions, please contact the undersigned.

Sincerely,

/s/ PH

PATRICIA R. HIGHLEY
Senior Securities Analyst
Idaho Department of Finance

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2006 AUG 17 AM 12:00
STATE OF IDAHO
DEPT OF FINANCE

August 11, 2006

Idaho Department of Finance
700 West State Street, 2nd Floor
Boise, ID 83702

Re:

To whom it may concern:

[redacted], a Delaware corporation [redacted], is a business development company ("BDC") that is regulated under the Investment Company Act of 1940, as amended ("Investment Company Act"). In September 2004, [redacted] commenced an offering of its shares of common stock pursuant to a Regulation E offering under the Securities Act of 1933, as amended ("Securities Act"). This offering was conducted pursuant to [redacted]'s Forms 1-E and 2-E and its offering circular ("Offering Documents") prepared pursuant to Regulation E that were filed by [redacted] with the Securities and Exchange Commission ("SEC"). A Regulation E offering is an exempt offering by a BDC (exempt from the registration requirements of the Securities Act) similar to a Regulation D private placement offering.

[redacted] filed its initial registration statement under Section 12(g) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), with the SEC on June 22, 2004, and its Form N-54A (BDC election) on September 20, 2004. [redacted] has always been current in its periodic required filings with the SEC under the Securities Act and Exchange Act since those dates.

Between February 22, 2005 and April 12, 2005, [redacted] sold shares of common stock to two individuals that reside in Idaho, both of which were "Accredited Investors" as such term is defined in Rule 501 of Regulation D of the Securities Act. At such time, [redacted]'s prior legal counsel may not have correctly notified your office of these sales and/or made the appropriate notice filings. To rectify this situation, [redacted] proposes to offer rescission rights to its shareholders by presenting them with the rescission offer letter attached hereto (the "Rescission Letter"). Our legal counsel, [redacted], P.C., has researched your state's blue sky laws and contacted personnel in your office as to how your state does not have any provision governing a Regulation E exempt offering by a BDC, such as a Regulation D exempt offering which is in your state's blue sky laws and regulations. In addition, [redacted] believes that it initially could have relied upon the following exemption from registration offered by your State:

Idaho Code § 30-14-202(14)

Accordingly, [redacted] believes that by sending out the Rescission Letter and relying on the above exemption from registration, it will be in compliance with your State's blue sky requirements.

Please confirm to us in writing whether the distribution of the Rescission Letter and reliance upon the above offering exemption will bring [redacted] into compliance with your State's blue sky laws. For your convenience, I have attached a copy of [redacted]'s Form 1-E/A and Amended Offering Circular filings with the SEC (its electronic filings are available on EDGAR). I would appreciate your approval of the above proposed plan of action, or comments on the plan, at your earliest convenience. Please contact one of [redacted]'s attorneys, [redacted] or [redacted] of [redacted], with any questions.

Best regards.

Sincerely,