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MEMBER

MAIL: P.O. BOX 13167
AUSTIN, TEXAS 78711-3167

208 E. 10th Street, 5th Floor
Austin, Texas 78701
Phone (512) 305-8300
FAX (512) 305-8310
<http://www.ssb.state.tx.us>

KENNETH W. ANDERSON, JR.
MEMBER

June 29, 2001

Mr. Robert C. Moore
Hazelrigg & Cox, LLP
415 West Main Street
Frankport, Kentucky 40602-0676

RE: American Pharmacy Services Corporation

Dear Mr. Moore:

This is in response to your letter dated March 12, 2001, and received by this Agency on March 19, 2001.

Your letter and supplemental materials indicate that American Pharmacy Services Corporation ("APSC" or "Cooperative"), a Kentucky corporation, was formed for the purpose of enabling member retail pharmacists ("Members") to aggregate their buying power in negotiating discounts on the purchase of pharmaceutical products from the manufacturers of such products. According to your letter, the Cooperative intends to obtain Members in Texas by making an offering of shares of common stock of APSC ("Shares") and patronage dividend certificates of indebtedness ("Certificates") to certain pharmacies located in Texas, inviting them to become Members of the Cooperative. The primary benefit of being a Member, as stated in your letter, is the lower prices received on pharmaceutical products.

Members of the Cooperative will be required to pay \$100.00 for each Share. The articles of incorporation for the Cooperative require that all holders of Shares must be actively engaged in the pharmaceutical business and that each Member has only one vote on all matters regardless of the number of Shares owned in the Cooperative.

No regular dividends are paid on the Shares, but Members receive "patronage" dividends which are determined by their percentage of the total dollar volume of business done with the Cooperative in its fiscal year and is not based on the efforts of others. These patronage dividends are considered incidental, not a primary benefit of membership in the Cooperative, and are paid out of gross income of the Cooperative reduced by current operating expenses, amounts allocated to the reserve fund, and amounts paid on any valid obligations of the Cooperative.

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Based on the foregoing understanding, the staff of the State Securities Board will recommend no action to require registration of the Shares. In addition, the staff will recommend no action to require registration of the Cooperative's personnel involved in soliciting pharmacies in Texas for potential membership in the Cooperative, as described above.

Please note that this Agency has not made an independent investigation of the facts, but has relied solely upon the information you have provided. If this information is incorrect or changes substantially, the staff would reconsider the matter and the no-action position stated above would be void.

I trust this information answers you inquiry. Please feel free to write us if you need further information.

Very truly yours,

DENISE VOIGT CRAWFORD
Securities Commissioner

/dw

David Weaver
General Counsel