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## Texas State Securities Board

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July 13, 2005

Mr. Joseph L. Broom  
Parsons Behle & Latimer  
201 South Main Street  
Suite 1800  
Salt Lake City, Utah 84111-2218

RE: ClearOne Communications, Inc.

Dear Mr. Broom:

This is in response to your letter dated March 2, 2005, received by this Agency on March 7, 2005. Your letter was supplemented by facsimile dated July 8, 2005.

Your letter indicates that ClearOne Communications, Inc. ("ClearOne"), in connection with the settlement of a federal class action lawsuit against ClearOne, has agreed to pay \$5 million to the members of the plaintiff class ("Claimants"), consisting of present and/or former stockholders of ClearOne, and to issue them 1,200,000 shares of ClearOne's common stock ("Settlement Stock"). Your letter states that the terms of the settlement were approved by the United States District Court, District of Utah, Central Division, which found that the terms and conditions of the distribution of the Settlement Stock as part of the settlement were fair, reasonable, adequate, in the best interests of the Claimants, and that the distribution was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to §3(a)(10) of the Act.

It is my understanding that lead counsel for the Claimants has provided ClearOne with a state-by-state breakdown of the Claimants and the number of shares of Settlement Stock to be received by each Claimant. ClearOne now proposes to proceed with the issuance of the Settlement Stock to the Claimants, including the issuance of 4,571 shares of such stock to 64 residents of Texas.

You submitted that ClearOne was formerly listed on the NASDAQ National Market, was delisted a couple of years ago, and its stock is now quoted on the OTC Bulletin Board. Further, you stated that you are not in a position to definitively state how the Claimants in the class action that are resident in Texas acquired their stock in ClearOne. You advised that ClearOne has not made an offering of securities since October 2001, at which time ClearOne conducted a PIPE offering, and that none of the securities sold pursuant to that

Mr. Joseph L. Broom  
July 13, 2005  
Page 2

offerings were issued until the effectiveness of an S-3 Registration Statement that ClearOne filed with respect to the offering.

On behalf of ClearOne, you request a no-action letter from this Agency to the effect that the staff will not recommend enforcement action be taken if the issuance of the Settlement Stock to Texas residents is effected without registration under the Texas Securities Act.

Based on the foregoing understanding, the staff of the State Securities Board will recommend no action to require registration of the shares of ClearOne's common stock to be issued pursuant to the court-approved settlement of the class action litigation 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 position stated above would be void.

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

Very truly yours,

DENISE VOIGT CRAWFORD  
Securities Commissioner

David Weaver  
General Counsel

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