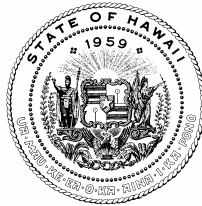


LINDA LINGLE  
GOVERNOR

JAMES R. AIONA, JR.  
LT. GOVERNOR



MARK E. RECKTENWALD  
DIRECTOR

LAWRENCE M. REIFURTH  
DEPUTY DIRECTOR

CORINNA M. WONG  
COMMISSIONER OF SECURITIES

STATE OF HAWAII  
BUSINESS REGISTRATION DIVISION  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
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[www.hawaii.gov/dcca/areas/sec](http://www.hawaii.gov/dcca/areas/sec)

In the Matter of Custody of Client )  
Funds or Securities by Investment )  
Advisers )  
)  
)  
)  
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**INTERPRETIVE ORDER NO. 2006-1**

**INTERPRETIVE ORDER**

Pursuant to Hawaii Revised Statutes ("HRS") § 485-2, the Business Registration Division ("Division") of the State of Hawaii ("State") Department of Commerce and Consumer Affairs hereby orders that:

1. "Custody" means holding directly or indirectly, client funds or securities, or having any authority to obtain possession of them. Custody includes:
  - (1) Possession of client funds or securities unless received inadvertently and returned to the sender promptly, but in any case within three business days of receiving them;
  - (2) Receipt of checks drawn by clients and made payable to unrelated third parties will not meet the definition of custody if forwarded to the third party within 24 hours of receipt and the adviser maintains the records required under section 16-38-41, Hawaii Administrative Rules.
  - (3) Any arrangement (including a general power of attorney) under which the adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the adviser's instruction to the custodian; and
  - (4) Any capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, or trustee of a trust) that gives the adviser or adviser's supervised person legal ownership of or access to client funds or securities.
  
2. A "Certified" balance sheet or financial statement means and includes an audited balance sheet or an audited financial statement prepared in conformity with accounting principles generally accepted in the United States of America.

INTERPRETIVE ORDER NO. 2003-1 is hereby rescinded effective as of the date specified below. Advisers, including those firms that have relied on INTERPRETIVE ORDER NO. 2003-1 in the past, must comply with this INTERPRETIVE ORDER.

This INTERPRETIVE ORDER shall be effective as of the date specified below, and shall remain in effect until subsequently amended or rescinded by another INTERPRETIVE ORDER or rule of the Commissioner.

DATED: May 25, 2006.

/s/ Corinna M. Wong  
Corinna M. Wong  
Commissioner of Securities