



DIVISION OF
MARKET REGULATION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

March 7, 2000

James Stutts, Esq.
Vice President and General Counsel
Dominion Resources, Inc.
120 Tredegar Street
Richmond, VA 23219

Re: Revocation of Prior No-Action Relief Granted
to Dominion Resources, Inc.

Dear Mr. Stutts:

By letter dated August 22, 1985, the staff of the Division of Market Regulation granted no-action relief to Dominion Resources, Inc. ("Dominion Resources") under Section 15(a) of the Securities Exchange Act of 1934 ("Exchange Act") in connection with its proposal to offer, either directly or through a subsidiary, certain financial services. As discussed in more detail in that letter, Dominion Resources had proposed to assist a limited number of corporate and government issuers in the structuring and issuance of both taxable and tax-exempt securities transactions.

Among other things, Dominion Resources planned to analyze the financial needs of an issuer, recommend or design financing methods and securities to fit the issuer's needs, and recommend a bond lawyer, underwriters, or broker-dealers for the distribution or marketing of the securities in the secondary market. It also planned to participate in negotiations. In addition, Dominion Resource anticipated that it would introduce an issuer to a commercial bank to act as the initial purchaser of securities and as a stand-by purchaser if the securities could not be readily marketed by a broker-dealer. It also expected that it could recommend a commercial bank or other financial institution to provide a letter of credit or other credit support for the securities. Dominion Resources represented that the only contact it would have with any potential purchaser was the possible introduction of an issuer to a commercial bank standby purchaser.

In exchange for those services, Dominion Resources planned to receive a negotiated fee that would generally not be payable unless the financing closed successfully. The fees would not be based on the successful issuance of securities to the public. Without discussion, the Division staff stated that it would not recommend enforcement action to the Commission under Section 15(a) of the Exchange Act if Dominion Resources entered into the arrangements

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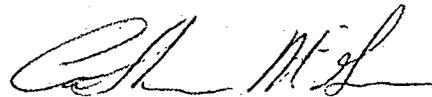
described in its letter dated March 20, 1985 without Dominion Resources registering as a broker-dealers in accordance with Section 15(b) of the Exchange Act.

Since issuing the August 22, 1985 letter to Dominion Resources, the staff has frequently considered the question of when a person is a broker that must register as a broker-dealer under Section 15 of the Exchange Act, and when the person is merely a "finder" that is not subject to registration. In the intervening years, technological advances, including the advent of the Internet, as well as other developments in the securities markets, have allowed more and different types of persons to become involved in the provision of securities-related services. More recently, the staff has denied no-action requests in situations somewhat similar to the arrangements described in the Dominion Resources August 22, 1985 no-action letter. E.g., Letters re: John Wirthlin (Jan. 19, 1999) (no-action request denied where person would solicit investments in real estate limited partnership interests from investors through their accountants and commercial real estate brokers and would receive a fee if any referred investors purchased those securities); Davenport Management, Inc. (Apr. 13, 1993) (broker-dealer registration required where, among other things, business broker receives transaction fees and participates in negotiations); C&W Portfolio Management, Inc. (July 20, 1989) (broker-dealer registration required where company acts as intermediary in negotiations between Treasury dealers until they reach agreement as to the terms of the transaction, and receives a set fee contingent upon consummation of the transaction).

In light of these developments, the staff has reconsidered the no-action position taken in the August 22, 1985 letter to Dominion Resources. The staff no longer believes that an entity conducting the activities described in that letter would not have to register as a broker-dealer under Section 15 of the Exchange Act. For that reason, the staff would no longer be able assure Dominion Resources that it would not recommend enforcement action to the Commission under Section 15(a) of the Exchange Act if Dominion Resources conducted the activities described in the August 22, 1985 letter without Dominion Resources registering as a broker-dealer in accordance with Section 15(b) of the Exchange Act. You have informed us, however, that Dominion Resources currently is not engaged in the activities described in the August 22, 1985 letter, and that it is not relying on the no-action relief afforded therein.

Thank you for your cooperation with this matter.

Sincerely,



Catherine McGuire
Chief Counsel