Bachner Tally & Mantell
New York, NY

March 16, 1982

Securities and Exchange Commission
500 North Capitol Street, N.W.
Washington, D.C. 20549

Re: Intuit Telecom, Inc. and Proposed Partnership
Securities Act of 1933 - Section 4(2) - Rule 506
Rule 146

Gentlemen:

This letter is being written to request confirmation that the below-described proposed private offering of limited partnership interests to be offered pursuant to Section 4(2) of the Securities Act of 1933 ("Securities Act") and Rule 506 thereunder, 17 C.F.R. 230.506 is part of a plan of financing to be made by Intuit Telecom, Inc. ("Company") and should be integrated with a proposed simultaneous private offering of Common Shares by the Company. The Company will be the general partner of the partnership. The request for integration is being made for purposes of defining an "accredited investor" under Rule 506.

<u>Background</u>

The Company is a New York Corporation formed in October 1981 to design, develop, produce, sell and service products for the telecommunications industry. The Company and the partnership intend to offer 80 Units of securities, each unit consisting of 125 of the Company's Common Shares at $350 per share, and 100 limited partnership interests at $437.50 per interest ("Interests"), or an aggregate consideration of $87,500 per unit. It is presently contemplated that the entire consideration will be paid at the time of subscription.

It is intended that (a) the limited partnership will engage in research and development necessary for the Company's business operations, (b) the partnership will grant the Company a license to manufacture and sell any products resulting from the partnership's research; (c) in exchange for this license, the Company will pay royalties equal to 2.5% of the sales volume of the products resulting from the partnership's research until total royalties of

$14,000,000 have been paid, and thereafter, royalties will be paid at the rate of 1% of sales volume of related products.

The gross proceeds from the sale of the 80 Units will result in the sale of $3,500,000 in equity ownership in the Company and $3,500,000 of limited partnership interests. The Company has developed an expense budget for fiscal years 1982 through 1984 based upon the gross offering of $7,000,000 of Units. Present plans contemplate a minimum-maximum type of private offering, i.e., $1,500,000 minimum and $7,000,000 maximum.

The General Partner of the Partnership will be the Company which will have a 1% interest in the Partnership. Key employees of the Company, including the Company's President and Vice President (who will have a 16% interest), will have a 19% interest in the Partnership; and the investors in the proposed private placement will own the remaining 80%.

<u>Discussion</u>

Under the above-outlined facts it would be appropriate to integrate the proposed private offering of the Partnership's Interests with the Company's simultaneous private offering of Common Shares even though they are not one class of securities issued by the same issuer. This determination would permit the definition, in this offering, of an "accredited investor" [under 17 C.F.R. 230.215(d)] to include any person who purchased an aggregate of $150,000 of Units rather than $150,000 of Common Shares and $150,000 of Partnership Interests. This conclusion primarily results' from the relationship of the Company to the Partnership.

The instant joint offering is clearly distinguishable from the offerings described in Systech Financial Corporation, Securities Act of 1933 -- Section 4(2), July 23, 1973 and DeLorean Motor Company, Securities Act of 1933 -- Section 4(2), December 30, 1977. Of the five factors referred to in Securities Act Release No. 4552 (November 6, 1962) and repeated in preliminary Note 3 to Rule 146 and in Securities Act Release No. 6339 (August 7, 1981), 23 SEC Docket 470 (August 25, 1981), to consider in determining whether offers or sales should be deemed to be integrated, it is clear that this proposed offering involves all but the "issuance of the same class of securities".

The Company's proposed offering of its Common Shares and the partnership's proposed offering of its Interests in Units, are part of a plan of financing made for the same general purpose. The Company was recently formed, and like the Partnership, will be able to conduct only limited business operations without the proceeds of this offering. As described above, the Company will be dependent

upon the Partnership for research and development work in order to develop a product line.

The proposed private offering is different from the facts in both Systech Financial Corporation and DeLorean Motor Co. Systech Financial Corporation involved a concurrent private placement and a public offering where, with the sole exception of a common general partner, the two offerings were in no way connected or dependent upon each other. The Company's Common Shares, by definition, constitute a different class of securities from a different issuer than the Partnership's Interests. However, unlike the situation in DeLorean Motor Co. where the holders of limited partnership interests had no voice in the affairs of the issuer since the Common Stock there was being offered only to new car dealers who entered into dealer sales agreements with the Issuer, the Limited Partners in the instant Partnership each get a $1 investment in the Company for each $1 invested in the Partnership, albeit having different percentage participation. A purchaser of a Unit in the proposed private offering is making a simultaneous investment in the Company and the Partnership.

The sales of the Common Shares and Interests are being made as Unit transactions for identical consideration. Under the terms of this offering, an investor can not purchase Common Shares or Partnership Interests without purchasing the other.

Conclusion

Based on the foregoing, it is our opinion that integration of the proposed private offering of the partnership's interests with the simultaneous offering of the Company's Common Shares would be appropriate, and that accordingly, a purchaser of $150,000 or more of Units (i.e., two Units for $175,000) would be deemed an "accredited investor."

It is requested that you confirm that the Staff would not recommend to the Commission that any action be taken based upon a view contrary to the above stated position that the proposed private placement of Units constitutes a single issuance of securities.

If you require any further information, please call Simeon Brinberg, Esq., of this firm or the undersigned.

Very truly yours,

Elliot H. Lutzker