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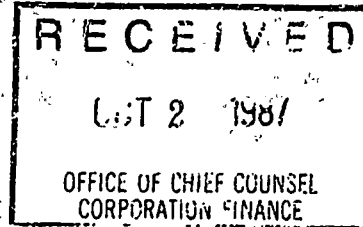
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Securities Act of 1933, Sections 2(3),
4(1) and 5 and Rule 144(a)(3)

October 1, 1987



Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, D.C. 20549

PUBLIC AVAILABILITY DATE: 12-24-87		
ACT	SECTION	RULE
1933	---	144
1933	2(3)	---
1933	5	---

Re: Proposed Spin-off of Tennis Lady, Inc.

Gentlemen:

We are acting as counsel to BSN Corp., a Delaware corporation ("BSN"), and its majority-controlled subsidiary, Tennis Lady, Inc., a Delaware corporation ("Tennis Lady"), in connection with a proposed distribution (the "Distribution") to the common stockholders of BSN of all shares of the outstanding common stock of Tennis Lady to be owned by BSN at the time of distribution.

On behalf of BSN, we respectfully request that the Securities and Exchange Commission Division of Corporation Finance (the "Division"):

(1) Concur in our opinion that the Distribution will not involve an "offer to sell" or "sale" of securities as contemplated by Section 2(3) of the Securities Act of 1933, as amended (the "1933 Act") and, therefore, will not require registration of such shares under Section 5 of the 1933 Act, or, alternatively, confirm that the Division will not recommend that any enforcement action be taken by the Securities and Exchange Commission (the "Commission") if the Distribution is effected without registration under the 1933 Act;

(2) Concur in our opinion that the shares of Tennis Lady common stock to be received in the Distribution by stockholders of BSN will not be "restricted securities" within the meaning of Rule 144(a)(3) promulgated under the 1933 Act, and that "affiliates" of Tennis Lady, as defined in Rule 144, will be able to resell under Rule 144 any shares of Tennis Lady common stock distributed to them in the Distribution without regard to the holding period provisions of Rule 144(d);

(3) Concur in our opinion that the sale of shares of Tennis Lady common stock by an independent agent on behalf of BSN stockholders to provide cash in lieu of

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fractional shares will not require registration of such shares under the 1933 Act or, alternatively, confirm that the Division will not recommend that any enforcement action be taken by the Commission if such shares are sold without registration under the 1933 Act.

I. Background.

BSN is a diversified sporting goods company which manufactures and distributes a wide variety of sports and physical education equipment, is a leading reconditioner of football protective equipment for high schools and colleges, is a manufacturer and distributor of football helmets, and designs, manufactures and markets cheerleader uniforms and accessories and conducts cheerleader training camps and clinics. BSN's common stock is registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and is listed on the American Stock Exchange. BSN is current in its reporting obligations under the 1934 Act and with the American Stock Exchange. As of September 30, 1987, 4,921,984 shares of BSN common stock were outstanding, which stock was owned by 1,358 stockholders of record. A copy of BSN's Annual Report on Form 10-K for the fiscal year ended December 31, 1986 is enclosed for your information.

Tennis Lady is principally a specialty retailer of fashionable women's and men's active sportswear and accessories, tennis racquets, tennis shoes and related equipment. Tennis Lady currently owns and operates 27 stores located in 15 states and the District of Columbia under the names "Tennis Lady," "Tennis Lady-Tennis Man" and "Arthur Ashe & Friends." Tennis Lady's common stock is registered under Section 12(g) of the 1934 Act and is traded in the over-the-counter market. Tennis Lady is current in its reporting obligations under the 1934 Act. As of September 30, 1987, 2,010,019 shares of Tennis Lady common stock were outstanding, which stock was owned by 1,836 stockholders of record. A copy of Tennis Lady's Annual Report on Form 10-K for the fiscal year ended January 3, 1987 is enclosed for your information.

BSN acquired all of the outstanding capital stock of the predecessor corporation of Tennis Lady in December 1982. In March 1984, BSN distributed approximately 20% of Tennis Lady's outstanding common stock to BSN stockholders as a dividend. As a result of such distribution, which was registered under the 1933 Act, Tennis Lady became a reporting company under the 1934 Act. Effective January 1, 1985, BSN exchanged 2,000,000 of Tennis Lady common stock it owned for 500,000 shares of voting preferred stock of Tennis Lady. In August 1986, BSN exchanged all remaining shares of Tennis Lady common stock it owned for 100,000 shares of a new class of Tennis Lady voting preferred stock. Although BSN does not currently own any Tennis Lady common stock, through its ownership of all of the outstanding voting preferred stock, BSN has voting rights equivalent to 74% of the outstanding voting securities of Tennis Lady.

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II. Reasons for and Description of the Proposed Distribution.

Over the last several years BSN has focused on expanding its principal business, the supplying of sports and physical education products and services to the institutional markets. Tennis Lady's specialty retail operations, however, are substantially different from BSN's principal business. As a result, BSN concluded that its continued ownership of Tennis Lady does not fit into the long-term plans of BSN, and that a distribution of BSN's equity interest in Tennis Lady was in the best interests of BSN's stockholders. BSN also concluded that it would not be feasible to distribute and have publicly traded two different classes of voting preferred stock in addition to Tennis Lady's publicly traded common stock. See Standard Shares, Inc., Sec No-Action Letter (LEXIS, Fedsec library, No-Act file) (October 21, 1985) ("Standard") (conversion of preferred stock into common part of distribution transaction). Furthermore, BSN determined it advisable to convert intercompany advances made by BSN to Tennis Lady to common equity as part of the proposed transactions.

To effect these proposed transactions, the Board of Directors of BSN and Tennis Lady have adopted resolutions pursuant to which the preferred stock of Tennis Lady owned by BSN and all intercompany advances owed by Tennis Lady to BSN (aggregating approximately \$1,550,000 as of September 30, 1987) would be exchanged (the "Exchange") for Tennis Lady common stock. Although the Exchange ratios have not been finally determined, Tennis Lady has engaged an independent investment banking firm to render an opinion as to the fairness of the Exchange ratios. As a result, Exchange ratios will not be finally determined until such time as the investment banking firm delivers its fairness opinion to Tennis Lady's Board of Directors. Based on Tennis Lady's current trading prices, it is estimated that the Tennis Lady shares to be issued to BSN will constitute a substantial majority of Tennis Lady's total outstanding shares after issuance thereof. Prior to effecting the Exchange, Tennis Lady will amend one of the classes of preferred stock. Tennis Lady is also considering effecting a one-for-five reverse stock split prior to the Distribution. As a result, each Tennis Lady stockholder will be furnished with proxy materials complying with Section 14 of the 1934 Act. Due to the need to obtain the fairness opinion and to effect the amendment and the reverse stock split, it is currently anticipated that the Distribution will be completed in the latter part of December.

At the effective time of the Distribution, all of the Tennis Lady common stock owned by BSN will be distributed to the stockholders of BSN on a pro rata basis and without any consideration being paid by such holders. Because the number of shares of Tennis Lady common stock to be issued to BSN has not been finally determined, the Distribution exchange ratio is not currently known. However, BSN anticipates that the exchange ratio selected for the Distribution would give rise to fractional shares of Tennis Lady common stock. Accordingly, the plan for the Distribution contemplates that such fractional shares would be aggregated and sold in the market on behalf of BSN stockholders who would otherwise receive fractional shares by an agent which would be independent from both BSN and Tennis Lady.

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III. Section 2(3) and Section 5 of the 1933 Act.

We are of the opinion that the Distribution, as described herein, would not involve an "offer to sell" or "sale" as such terms are defined or used in Sections 2(3) or 5 of the 1933 Act and can be effected without registration under the 1933 Act. We believe that the Distribution would not constitute an "offer to sell" or "sale" of a security because, among other reasons, there would be no disposition of securities for value and no investment decision would be made by the stockholders of BSN. The Distribution would take the form of a special dividend to BSN stockholders who could exchange no consideration for the shares of Tennis Lady common stock. Moreover, no insider or agent of BSN would receive any present value by reason of the Distribution other than by reason of his receipt of Tennis Lady common stock as a stockholder of BSN.

The Commission has long taken the position that a dividend of securities, like a dividend in cash, does not constitute a "sale" within the meaning of Section 2(3), because such dividend does not constitute a disposition of a security for "value" within the meaning of that section. See, e.g., Securities Act Release No. 929, reprinted in 1 Fed. Securities L. Rep. (CCH) ¶ 1121 at 2099 (July 29, 1936). This position is buttressed by the policy rationale that the shareholder-recipient of the dividend is not making an independent investment decision about the securities received and is not giving "value" in exchange for the securities since he gives no consideration for them and thus does not need the protection afforded by the 1933 Act.

In certain circumstances, however, the Commission has taken the position that registration under the 1933 Act might be required, absent an applicable exemption, where securities of a company are purchased by a publicly traded company and shortly thereafter distributed to that company's shareholders, and active trading in the shares of the distributed company occurs without information about the distributed company being available to the public. See Securities Act Release No. 4982, reprinted in 1 Fed. Securities L. Rep. (CCH) ¶ 3055 at 3062 (July 2, 1969). This position reflects the Commission's policy concern, expressed in the Preliminary Note to Rule 144 under the 1933 Act, that the Rule "is designed to prohibit the creation of public markets in securities of issuers concerning which adequate current information is not available to the public." 17 C.F.R. § 230.144. Securities Act Release No. 4982, however, expressly disclaims any attempt to deal with any problems attributable to more conventional spin-offs, such as the one present here involving a publicly reporting company which has been owned by BSN for five years, and which does not involve a process of purchase of securities by a publicly-owned company followed by their spin-off and redistribution in the trading markets.

The Distribution also differs substantially from those instances in which the courts have found violations of the 1933 Act for failure to register securities in the context of the distribution by a public company of shares of a subsidiary. In Securities and Exchange Commission v. Datronics Engineers, Inc., 490 F.2d 250 (4th Cir. 1973), cert. denied, 416 U.S. 937 (1974), and Securities and Exchange Commission v. Harwyn Industries Corporation, 328 F. Supp. 943 (S.D.N.Y. 1971), the courts interpreted Section 2(3) broadly

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to satisfy the disclosure objectives of the 1933 Act, finding dispositions for "value" in connection with certain "spin-off" transactions which also involved alleged securities frauds. In these cases, spin-offs for "value" were contrived without valid business purposes in order to create public markets in securities of the distributed companies without having to register the shares being distributed. Both distributions were accompanied by disclosures which were either misleading or incomplete.

The circumstances outlined by the Commission in Securities Act Release No. 4982 and which were present in Harwyn and Datronics are absolutely distinguishable from the Distribution proposed by BSN, where there already exists a public trading market for the securities of both companies. As already indicated, both BSN and Tennis Lady are reporting companies under the 1934 Act. Ample information is therefore available to the investing public regarding the affairs of both companies. The proposed Distribution is not a vehicle for creating a trading market or avoiding registration, but rather serves a legitimate business purpose and is, in form and substance, a dividend. As such, the Distribution should be exempt from the registration requirements of Section 5 of the Securities Act.

We note that the Division has issued no-action letters concerning distributions of the stock of subsidiaries similar to that proposed by BSN, including: Standard, Bristol Gaming Corporation, SEC No-Action Letter (LEXIS, Fedsec library, No-Act file) (July 1, 1987) ("Bristol"); Grow Group, Inc., SEC No-Action Letter (LEXIS, Fedsec library, No-Act file) (May 13, 1987) ("Grow Group"); Lucky Stores, Inc., SEC No-Action Letter (LEXIS, Fedsec library, No-Act File) (March 25, 1986) ("Lucky"); Newmont Mining Corporation, SEC No-Action Letter (LEXIS, Fedsec library, No-Act file) (Jan. 15, 1987) ("Newmont"); Western Tele-Communications, Inc., SEC No-Action Letter (LEXIS, Fedsec library, No-Act file) (Dec. 12, 1986) ("Western-Tel"); and Medicore, Inc., SEC No-Action Letter (LEXIS, Fedsec library, No-Act file) (Sep. 9, 1986) ("Medicore"). In Grow Group, Lucky, Newmont, Western-Tel, and other "no-action" letters, the "spun-off" entity was either recently formed or otherwise non-reporting and the Division granted a "no action" position with regard to the distributions provided that (a) the security distributed was registered thereafter under Section 12 of the 1934 Act and the issuer became a reporting company and (b) the stockholders receiving the distribution received an information statement relating to the spun-off company.

As indicated above, both BSN and Tennis Lady are presently, and will continue to be, reporting companies under the 1934 Act, and the common stock of BSN, as well as the common stock of Tennis Lady, is presently registered under Section 12 of the 1934 Act. The common stock of both companies is publicly traded. The Distribution of Tennis Lady common stock will have no effect on the reporting nature of either Tennis Lady or BSN.

We believe that, as in the Bristol, Medicore and Standard no-action requests, no information statement should be required to be furnished in connection with the Distribution. The overall purpose of the 1933 Act is "to provide adequate disclosure to members of the investing public." Harwyn, 326 F. Supp. at 954. An information statement is unnecessary because both BSN and Tennis Lady have registered their

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securities under Section 12 of the 1934 Act. Both companies have timely filed and will continue to file annual, quarterly, and current reports under the 1934 Act and provide adequate information available to current and potential security holders and the investing community regarding the operations, finances, management and securities of both companies. In addition, the Distribution is a means of accomplishing a legitimate business purpose, and is not a vehicle for evading the registration requirements of Section 5 of the 1933 Act.

Based on the foregoing, we ask that the Division concur in our opinion that the Distribution can be accomplished as outlined above without registration under Section 5 of the 1933 Act. In the event the Division is unable to concur in such opinion, we request that the Division conclude that it will not recommend any action to the Commission if the Distribution is made as outlined above without registration under the 1933 Act.

IV. Rule 144.

In our opinion, the shares of Tennis Lady common stock proposed to be distributed pursuant to the Distribution should not be "restricted securities" as defined in Rule 144(a)(3) under the 1933 Act. There is no compelling reason, in our view, to impose the holding period requirements of Rule 144 on BSN stockholders with respect to the shares of Tennis Lady common stock received by them in the Distribution. As discussed above, adequate and current publication information exists on both companies. Under these circumstances, the Tennis Lady common stock would, in our opinion, not be "restricted securities" and, accordingly non-affiliates of BSN should be able to sell their Tennis Lady common stock without complying with Rule 144.

In connection with similar proposed distributions described in the Bristol, Grow Group, Lucky, Newmont, and Medicore no-action requests, the Division reached the conclusion that the distributed securities did not constitute "restricted securities."

V. Sales of Fractional Shares.

In connection with the Distribution, an independent agent (the "Agent") will sell in the market on behalf of BSN's stockholders shares of Tennis Lady common stock representing fractional shares otherwise issuable to such stockholders. It is our view that the actions of the Agent will constitute transactions by a person other than an issuer or underwriter and therefore will be exempt transactions under Section 4(1) of the 1933 Act. As described above, the Agent will be acting on behalf of the stockholders in order to provide them with cash in lieu of the distribution of fractional shares and will be acting independently of both BSN and Tennis Lady. The Agent will effect the necessary sales on behalf of the stockholders at such times as the Agent deems appropriate through broker-dealers selected by the Agent. The Agent will collect the proceeds from such sales and authorize the appropriate payments to stockholders. These actions by the Agent will not be subject to the control of BSN or Tennis Lady. Based on the foregoing, it is our view that the sale of Tennis Lady common stock by the Agent to effect cash payments for fractional shares will not constitute transactions by or for the issuer, and, therefore, will

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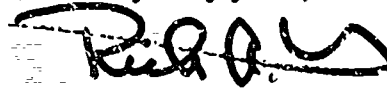
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constitute transactions by a person other than an issuer or underwriter. In the event that the Division is unable to concur with our view that such sales will be exempt transactions under Section 4(l) of the 1933 Act, we respectfully request that the Division confirm that it will not recommend that enforcement action be taken by the Commission if such sales are made without registration under the 1933 Act. We note the Division's concurrence in substantially similar circumstances involving non-registration of sales of fractional shares in its determination in the following "no-action" requests: Grow Group; Lucky Stores; Raycomm Transworld Industries, Inc., SEC No-Action Letter (LEXIS Fedsec library, No-Act file) (Mar. 17, 1987); Borg-Warner Corporation, SEC No-Action Letter (LEXIS, Fedsec library, No-Act file) (Jan. 23, 1986); and Pan American Mortgage Corp., SEC No-Action Letter (LEXIS Fedsec library, No-Act file) (Nov. 20, 1985).

It would be most appreciated if you could expedite the processing of your response so that we may have your conclusions at the earliest possible date. If you have any questions or require additional information, please call the undersigned at (214) 220-4429 or Jay H. Herbert at (214) 760-5525.

In accordance with Securities Act No. 6269, seven additional copies of this letter are enclosed.

Very truly yours,



Rick A. Lacher

November 24, 1987

RESPONSE OF THE OFFICE OF CHIEF COUNSEL
DIVISION OF CORPORATION FINANCE

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Re: BSN Corp.
Incoming letter dated October 1, 1987

On the basis of the facts presented, and noting in particular that BSN Corp. ("BSN") and Tennis Lady, Inc. ("Tennis Lady") are both reporting companies under the Securities Exchange Act of 1934, this Division will not recommend any enforcement action to the Commission if BSN distributes all of its shares of the common stock of Tennis Lady in the manner described without compliance with the registration provisions of the Securities Act of 1933 (the "1933 Act").

We are also of the view that the Tennis Lady shares received by BSN shareholders will not be restricted securities within the meaning of Rule 144(a)(3). Sales by BSN shareholders who are Tennis Lady affiliates will be subject to Rule 144 (except for the holding period requirement) absent registration or another appropriate exemption. There would not, however, be any 90-day waiting period before sales could be made by affiliates under Rule 144.

Further, without necessarily agreeing with your analysis in this regard, the Division will not recommend any enforcement action to the Commission if an independent agent sells shares of Tennis Lady stock without registration under the 1933 Act in order to provide cash for the elimination of fractional shares.

Because these positions are based upon the representations made to the Division in your letter, it should be noted that any different facts or conditions might require different conclusions. Further, this response only expresses the Division's position on enforcement action and does not purport to express any legal conclusion on the questions presented.

Sincerely,



William H. Carter
Special Counsel