



State of Utah

DEPARTMENT OF COMMERCE DIVISION OF SECURITIES

Protecting Investors; Promoting Commerce

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February 16, 2000

Mr. Gregory W. Gribben
Woods, Oviatt, Gilman, Sturman & Clarke LLP
2 State Street Suite 700
Rochester NY 14614

Re: Zap.Com Corporation

File # 006-7172-60/B00179153

Dear Mr. Gribben:

Pursuant to your letter dated February 15, 2000, the Utah Division of Securities ("Division") has reviewed your no-action request pursuant to § 61-1-25(5) of the Utah Uniform Securities Act ("Act") and § R164-25-5 of the Utah Administrative Code.

Please be advised that based upon the facts presented, and in reliance upon your opinion as counsel, the Division staff will not recommend any enforcement or administrative action should the transaction proceed as outlined in your request. To avoid unnecessary restatement or summarization of the facts set forth in your request, a copy of your February 15, 2000 letter is attached.

This response does not purport to express any legal conclusions regarding the applicability of statutory or regulatory provisions of federal or state securities laws to the question presented. It merely expresses the Division's position on enforcement or other administrative actions.

Since this no-action letter is based upon the representations made to the Division, it should be noted that any different facts or conditions of a material nature might require a different conclusion. Furthermore, this no-action letter relates only to the applicant and shall have no value for future similar events. Nor does this letter absolve any party involved from complying with the anti-fraud provisions contained in § 61-1-1 of the Act.

Very truly yours,

UTAH DIVISION OF SECURITIES

Joel Nelson
Director of Regulation

Attachment

**Woods, Oviatt, Gilman,
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February 15, 2000

VIA FEDERAL EXPRESS

Utah Division of Securities
Attn: Joel Nelson
Heber M. Wells Building
160 East 300 South, 2nd Floor
Salt Lake City, Utah 84111

Re: Zap.Com Corporation – Request for No-Action Letter

Dear Mr. Nelson:

We represent Zap.Com Corporation (“Zap.Com”). We are writing to request that you concur with our opinion that a third party service organization and its employees who engage in ministerial activities for Zap.Com in connection with Zap.Com’s offering of stock, are not required to register as agents in accordance with Section 61-1-13(2) of the Utah Uniform Securities Act or as broker-dealers in accordance with Section 61-1-13(3) of the Utah Uniform Securities Act.

Zap.Com is subject to the informational requirements of the Securities Exchange Act of 1934 (the “Exchange Act”) and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the “SEC”). Zap.Com’s stock trades on the NASD’s Over-the-Counter Market Bulletin Board.

Zap.Com seeks to build a global Internet network of third party web sites (the “ZapNetwork”) on which it will have the contractual right to deploy its multifunctional Internet banner, the ZapBox or other Internet properties it acquires or develops in the future. As part of this plan, Zap.Com plans to offer stock to select web site owners as an incentive to join the ZapNetwork. Accordingly, Zap.Com will not be issuing stock for cash or raising capital in the offering.

On December 30, 1999, Zap.Com filed with the SEC a registration statement on Form S-1 (the “SEC Registration Statement”) for the proposed offering. On January 12, 2000, Zap.Com filed a registration statement on Uniform Form U-1 (the “Utah Registration Statement”) with the Utah Division of Securities covering this securities offering. Zap.Com has been notified by the Division of Securities that the Utah Registration Statement would become effective at the same time that the SEC Registration Statement is declared effective. The SEC has advised Zap.Com that it is prepared to declare the SEC Registration Statement effective upon Zap.Com’s request.

Zap.Com is exempt from registration as a broker-dealer due to its status as an issuer under Section 61-1-13(3) of the Utah Uniform Securities Act. Additionally, Zap.Com officers are not required to register as agents.

At the time the SEC Registration Statement is declared effective, Zap.Com plans to mail to select web site owners an authority certificate, a prospectus, brochure, an application to join the ZapNetwork and the ZapNetwork Agreement, which sets forth the terms under which the web site owner will join the ZapNetwork (the "*Application Materials*"). These Application Materials have been prepared by Zap.Com and its counsel. The cover letter will be signed by an authorized Zap.Com officer.

Zap.Com intends to solicit web site owners only through its officers and various other methods, including direct mail and appropriate on-line and off-line advertising. Zap.Com's officers participating in the offering will not be registered as brokers or dealers or agents of brokers or dealers under Section 15 of the Exchange Act. Rather, Zap.Com intends to comply with the safe harbor of SEC Rule 3a4-1.

In order to assist it with the ministerial and clerical details of conducting the offering, Zap.Com has retained Webcraft, Inc. ("*Webcraft*"), a New Jersey based service organization, with mass-mailing and program processing expertise to physically execute the mailing. Webcraft will receive the completed Application Materials from the web sites and review the Application Materials. Any incomplete applications or ZapNetwork Agreements will be sent back to the web site owner with a letter describing how the application or the agreement is incomplete. Webcraft will then forward the Application Materials to Zap.Com for review. After Zap.Com conducts an initial assessment of the applicant site and makes a decision on the web site's application, Webcraft will mail Zap.Com's acceptance/rejection letter to the web site owner.

Zap.Com will establish a toll-free telephone number for web site owners to call who have questions about the Application Materials, or web sites interested in obtaining the Application Materials. Webcraft will provide personnel to support the toll-free number. The Webcraft personnel will be responsible for answering questions and requests received from web site owners. The Webcraft personnel responses to web site owners who have previously received the Application Materials will be limited to calling their attention to the instructions in the Application Materials, the membership enrollment process, their enrollment status and the ZapNetwork, to the extent such information is contained within the prospectus. Zap.Com will educate Webcraft personnel as to each of these matters. If any question is posed that would require information outside of the prospectus, the Webcraft operators would advise the web site owner that an authorized Zap.Com officer will contact him. The Webcraft operator would then advise Zap.Com about the inquiry. Under no circumstances will any Webcraft employee be authorized to give investment advice, recommend that a web site owner join the ZapNetwork and receive shares of Zap.Com stock, or otherwise make any statement not derived from the prospectus.

The operators' responses to web site owners who have not previously received the Application Materials will be limited to requesting name, address, and other identification information to facilitate sending out the Application Materials, and informing them that Zap.Com will send them the Application Materials. Application Materials may also be requested by e-mail and Webcraft's responses to these e-mails will be similarly limited.

After the web site makes an offer to join the ZapNetwork, by submitting the signed application and ZapNetwork Agreement, Webcraft will also have a limited administrative role. Webcraft will provide technical and commercial surveys for the web site owners to complete about his or her web site. The information obtained from the surveys will allow Zap.Com to install the ZapBox and review the web site's number of unique users for pricing information and to determine if it has enough unique users to join the ZapNetwork. Webcraft operators will also answer questions on the toll-free telephone number from web site owners. Again, the operators' responses will be limited as discussed above, as well as to providing technical computer hardware and software information in connection with installing the ZapBox.

Webcraft will be compensated based on a flat fee for setting up its systems and on an hourly and monthly rate for personnel to staff the system. Webcraft and its employees will not receive any compensation based in any way on whether a web site owner purchases Zap.Com stock.

Prior to the commencement of the offering, Zap.Com plans to enter into an agreement with Webcraft setting forth the arrangement described in this letter. In addition, Zap.Com intends to provide training and written instructions to Webcraft and its personnel to assure their understanding of their limitations in providing this service.

In sum, Webcraft's activities would be strictly ministerial and clerical. Webcraft's role in this transaction is to facilitate the prompt and complete distribution of the materials to web site owners who Zap.Com has identified as a prospect for the ZapNetwork, and to provide a facility for responding to their inquiries to relieve Zap.Com from the need to divert personnel to such function. In this way, Webcraft's role is similar to that of an information agent in the tender offer or rights offering context.

Webcraft's main responsibility will be to provide customer service support to Zap.Com for the web sites after they have joined the ZapNetwork and after the transaction is complete. As a customer service function, Webcraft will provide information about the ZapNetwork to web sites and will respond to questions about technical computer and Internet issues, and other frequently asked questions about the ZapNetwork.

We respectfully request your concurrence in our view that Webcraft and its employees are not required to register as agents in accordance with Section 61-1-13(2) of the Utah Uniform Securities Act or as broker-dealers in accordance with Section 61-1-13(3) of the Utah Uniform Securities Act if they engage in the ministerial activities described above. In the alternative, we

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respectfully request whatever assurances you can provide that the Utah Division of Securities would not recommend enforcement with respect to these issues.

We have enclosed a check in the amount of \$125.00 made payable to the "Utah Division of Securities", to cover the filing fee for our no-action request.

We would appreciate your prompt response so the web sites residing in Utah may be given the opportunity to become a member of the ZapNetwork. We would like to receive a preliminary oral opinion as soon as possible, which if favorable, will allow Zap.Com to proceed with the offering, pending a written response.

Should you have any additional questions regarding this letter, or should you require any additional information, please do not hesitate to call either me or Gordon Forth (716-987-2801) or Julianne Oehlbeck (716-987-2819) of this office. Thank you for your attention to this matter.

Very truly yours,

WOODS, OVIATT, GILMAN, STURMAN & CLARKE LLP



Gregory W. Gribben

GWG/sab

cc: Gordon E. Forth, Esq.
Julianne A. Oehlbeck, Esq.