



DIVISION OF  
CORPORATION FINANCE

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

February 21, 2006

Steven W. Hansen, Esq.  
Bingham McCutchen LLP  
150 Federal Street  
Boston, Massachusetts 10004-1980

**Re: In the Matter of New England Securities Corp. —Waiver Request under Regulation A and Rule 505 of Regulation D**

Dear Mr. Hansen:

This is in response to your letter dated February 21, 2006, written on behalf of New England Securities Corp. ("NES") and constituting an application for relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933 ("Securities Act"). You requested relief from disqualifications from exemptions available under Regulation A and Rule 505 of Regulation D that may have arisen by virtue of the order entered against NES as respondents named in the order dated February 21, 2006 of the Securities and Exchange Commission, instituting administrative proceedings pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (the "Advisers Act"), censuring NES, ordering NES to cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act, ordering NES to comply with their undertakings set forth in the order, and ordering NES to pay disgorgement in the amount of \$2,042,865 plus interest thereon of \$572,000, Investment Advisers Act Rel. No. 2489 (File No. 3-12214, February 21, 2006) (the "Order").

For purposes of this letter, we have assumed as facts the representations set forth in your letter and the findings supporting entry of the Order. We have also assumed that NES has complied and will continue to comply with the Order.

On the basis of your letter, I have determined that NES has made a showing of good cause under Rule 262 and Rule 505(b)(2)(iii)(C) that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 of Regulation D by reason of entry of the Order. Accordingly, pursuant to delegated authority, and without necessarily agreeing that such disqualifications arose by virtue of entry of the Order against NES, NES is granted relief from any disqualifications from exemptions otherwise available under Regulation A and Rule 505 of Regulation D that may have arisen as a result of entry of the Order.

Very truly yours,

Mauri L. Osheroff  
Associate Director, Regulatory Policy

Steven W. Hansen  
Direct Dial: 617-951-8538  
Direct Fax: 617-951-8736  
E-Mail: steven.hansen@bingham.com

**By Facsimile; Original to Follow by Mail**

February 21, 2006

Bingham McCutchen LLP  
150 Federal Street  
Boston, MA  
02110-1726  
  
617.951.8000  
617.951.8736 fax  
  
bingham.com

Gerald J. Laporte, Esq.  
Division of Corporation Finance  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Mail Stop 0401  
Washington, D.C. 20549

**Re: *In the Matter of New England Securities Corporation, B-1960***

Dear Mr. Laporte:

We submit this letter on behalf of New England Securities Corporation ("NES") and affiliates in connection with a settlement arising out of the above-referenced investigation by the Securities and Exchange Commission (the "Commission").

NES hereby requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D of the Commission, promulgated under the Securities Act of 1933 (the "Securities Act"), a waiver of any disqualification from exemptions under Regulation A and Rule 505 of Regulation D that may be applicable to NES and any of its affiliates as a result of the entry by the Commission of the order described below (the "Order"). It is our understanding that the Division of Enforcement does not object to the grant of the requested waivers by the Division of Corporation Finance.

## **BACKGROUND**

NES has submitted an offer of settlement in which it neither admits nor denies the findings of an order by the Commission but consents to the entry of the order in agreed form (the "Order"). We understand that that the Order has been entered today. The Order finds that NES violated Section 206(2) of the Investment Advisers Act of 1940 ("Advisers Act"). The Order states that starting in 1995, NES offered the Investment Manager ("IM") Program, a non-discretionary mutual fund wrap program, and from 1995 until March 2003, NES represented that it would notify IM account holders if their asset allocation varied by a specified amount from the allocation they had chosen. The Order states that by at least 1999 or 2000, NES manual system for monitoring account holdings became unmanageable and rebalancing notices often were not sent. The Order also states that in late-2001 and early-2002, NES sent information packages stating that IM account holders could elect an automated rebalancing option, but NES did not provide automated rebalancing services. The Order further states that contrary to the terms of the IM program, NES did not rebate Rule 12b-1 fees received in connection with ERISA and IRA accounts and in some instances charged a commission for the purchase or sale of shares of a mutual fund. The Order directs, among other things, that NES (a) be censured, (b) cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act, (c) pay \$2,042,865 plus interest of \$572,000 to account holders in its Investment Manager program during the period 1995 through 2002 and (d) comply with its undertakings (i) to provide a copy of the Order to clients who purchased the IM program prior to April 1, 2003, and (ii) to retain an independent consultant to conduct reviews of certain IM program operations and procedures and to report to NES and to the staff of the Commission. The first review is to occur within sixty days of the entry of the Order and the second review is to occur one year after the first review is completed.

## **DISCUSSION**

NES understands that the entry of the Order could disqualify it from participating in certain offerings otherwise exempt under Regulation A and Rule 505 of Regulation D promulgated under the Securities Act, insofar as the Order may be deemed to cause NES to be subject to an order of the Commission entered pursuant to Section 203(e) of the Advisers Act. The Commission has the authority to waive the Regulation A and Rule 505 of Regulation D exemption disqualifications upon a showing of good cause that such disqualifications are not

Gerald J. Laporte, Esq.  
February 21, 2006  
Page 3

necessary under the circumstances. See 17 C.F.R. §§230.262 and 230.505(b)(2)(iii)(C).

NES requests that the Commission waive any disqualifying effects that the Order may have under Regulation A and Rule 505 of Regulation D with respect to NES or its affiliates on the following grounds:

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1. The conduct addressed in the Proposed Order does not relate to offerings under Regulation A or D.

2. NES voluntarily retained a major accounting firm to review operations and procedures associated with the Investment Manager Program, which is the subject of the Proposed Order.

3. The disqualification of NES and/or its affiliates from the exemptions available under Regulation A and Rule 505 of Regulation D could work an undue hardship on NES. NES and affiliated insurance companies for which it acts as a underwriter historically have relied on Regulation D to provide an exemption from registration for certain offerings of privately placed variable insurance products. These offerings have been for amounts in excess of \$5 million and have been made in reliance on Rule 506. However, depending on conditions, such offerings in the future may be made in amounts under \$5 million in reliance on Rule 505.

4. Waiver of the disqualification of NES and/or its affiliates from the exemptions available under Regulation A and Rule 505 of Regulation D would be appropriate in light of NES's cooperation in connection with the Commission's investigation, the findings and relief in the Order, and the fact that the Commission staff has negotiated a settlement with NES and reached a satisfactory conclusion to this matter.

In light of the foregoing, we believe that disqualification is not necessary for the protection of investors and that NES has shown good cause that the requested relief should be granted. Accordingly, we respectfully request the Commission, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(c) of Regulation D, to waive, effective upon entry of the Order, the disqualification

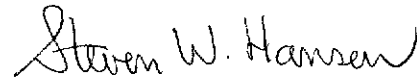
Gerald J. Laporte, Esq.  
February 21, 2006  
Page 4

provisions in Regulation A and Rule 505 of Regulation D to the extent they may be applicable to NES and any of its affiliates as a result of the entry of the Proposed Order.<sup>1</sup>

If you have any questions regarding this request, please advise.

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Very truly yours,



Steven W. Hansen

SWH/lmg

cc: Gregory S. Gilman, Esq.  
Steven P. Seltzer, Esq.

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<sup>1</sup> We note that the Commission has in other instances granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D for similar reasons. *See, e.g.*, Legg Mason Wood Walker, Inc., S.E.C. No-Action Letter (pub. avail. Sept. 21, 2005); Salomon Smith Barney, S.E.C. No-Action Letter (pub. avail. March 23, 2005); Prudential Securities Incorporated, S.E.C. No-Action Letter (pub. avail. July 10, 2003).