

Commerce Group Corp.
OTCBB Stock Symbol: CGCO

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May 3, 2005

Via e-mail: rule-comments@sec.gov

Mr. Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: SEC File No. 4-500. Request for Rulemaking Regarding Member Records of "Short" Positions and Reporting and Public Dissemination of Aggregate Positions by Security.

Dear Mr. Katz:

Commerce Group Corp. (Commerce) is a publicly held corporation with approximately 3,800 shareholders. Its shares have been traded publicly since 1968. In January of 2005 its shares began trading on the Pink Sheets. The Pink Sheets has brought the following to our attention:

"There is a crisis facing the OTC market today in the lack of short sale position reporting and disclosure for OTC issues. This lack of transparency regarding short selling in the OTC market allows fraudulent acts to go undiscovered and manipulative short sellers to hide."

These manipulators care for their own pocket book and are only concerned about the way they can profit. We believe that the regulations should address this problem.

In all fairness, we believe that Commerce and similar small issuers that trade on the Pink Sheets and the OTCBB should have the same transparency and regulatory oversight of short selling as the companies which are listed in the Exchange and on NASDAQ.

The Pink Sheets have petitioned the SEC to amend NASD Rule 3360. All NASD broker dealers should be required to maintain a record of the total short positions in all customer accounts in all publicly traded equity securities and to have all of this information reported to NASD for public dissemination as these fraudulent acts substantially affect the investors' net worth.

On behalf of Commerce's Directors, Officers and 3,800 shareholders, we urge you to improve this critical point of the securities market by immediately changing NASD Rule 3360 to call for full disclosure of short selling.

Very truly yours,

COMMERCE GROUP CORP.

Edward L. Machulak

Edward L. Machulak
President

ELM/ch

cc: Barbara Z. Sweeney (via e-mail: pubcom@nasd.com)
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