Robert A. Barron

August 17, 2007

Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
101F. Street, NE
Washington D.C. 20549-1090

Re: Comments on Some of the Proposals Set Forth in SEC Release No.33-8813(6/22/07)-File No.S-7-11-07

Dear: Ms. Morris:

I am commenting on some of the proposals, with regard to Rule 144 and Rule 145 of the U.S. Securities and Exchange Commission("SEC"), which are set forth in SEC Release No.33-8813(6/22/07)("Revisions To Rule 144 and Rule 145 To Shorten Holding Period For Affiliates And Non-Affiliates")(the "Release").

I am an attorney and was in the securities business for 32 years, from March, 1970 until my retirement at the end of March, 2002. From April 15, 1972 (the effective date of Rule 144) until my retirement, I was involved in the administration and enforcement of Rule 144 compliance at the securities firms I worked for. I have kept up with developments in the Rule 144 and Rule 145 (d) area. I answer questions on the Rule 144 Q & A Forum for The Corporate Counsel.net. I write a column on "Control and Restricted Securities" for the Securities Regulation Law Journal. I also am a consultant and expert witness in cases involving Rule 144.

KEEP THE MANNER OF SALE CONDITION FOR EQUITY SECURITIES

In the Release, on page 34, the SEC requests comment on several matters, including: "Should we eliminate the manner of sale requirement for equity securities as well? What problems may arise if the proposal were extended to equity securities?"

My answer to the first of the above questions is an emphatic No! In my opinion, the SEC has taken the correct position in the Release by proposing to retain the manner of sale condition for Rule 144 sales of equity securities.

One part of the manner of sale condition of Rule 144 is the need to have a broker/dealer as an intermediary (broker) or a party (principal-purchaser) with regard to the sale.

I agree with the seven commenters, referred to on page 33 of the Release, who " noted that brokers act as gatekeepers to ensure that selling shareholders are complying with the requirements of Rule 144."

In the Release, also on page 33, it appears that the SEC concurs in the foregoing sentiment: "We agree that, as financial intermediaries, brokers serve an important function as gatekeepers for promoting compliance with Rule 144, and we are concerned that eliminating the manner of sale limitations for equity securities may lead to abusive transactions".

During the 1972-2002 period, it was my experience that we at the securities brokerage firm often prevented a proposed Rule 144 sale from "going off the track", i.e. prevented a sale of unregistered stock without the benefit of the Rule 144 "safe harbor".

It should also be noted that in our role as intermediary or gatekeeper, we were also able to prevent, and on many occasions did prevent, other "disasters" from occurring. The most significant and numerous of such other potential disasters was trading while in the possession of material non-public information.

It is noted that one of the top priorities of the SEC is to prevent trading while in possession of material non public information. By keeping the broker-dealer firm as an intermediary in the Rule 144 procedure, the SEC will keep in place a gatekeeper who will continue to be a force in preventing such trading.

One of the important tools that we used in conducting our due diligence was the Form 144 filed by the selling shareholder.

The new form of Form 144, which is contained in the Release, continues to have, above the signature line on the reverse side, the representation by the seller that he does not know any material adverse information with regard to the current and prospective operations of the issuer, which has not been publicly disclosed.

It is my opinion that most transfer agents have no interest in assuming the gatekeeper role that securities broker-dealers now play, and have played, with regard to Rule 144 sales. The transfer agents are not paid and are not staffed to conduct the type of due diligence that is necessary to fill that role.

Furthermore, in a Rule 144 sale the transfer agent normally receives notice of the proposed sale after it has taken place, i.e. after trade date, and therefore is usually "too late" to ensure compliance with Rule 144.

THE FORM 144 FILING CONDITION SHOULD BE RETAINED FOR RULE 144 SALES BY AFFILIATES

In the Release, at page 36, the SEC points out that "under the proposed rules , only affiliates of the issuer would be required to file a notice of proposed sale on Form 144 when relying on Rule 144."

It is my opinion that the SEC has taken the correct position in the Release by retaining the Form 144 filing condition for Rule 144 sales by affiliates.

As noted above, one of the important tools that the securities broker-dealer firm uses in conducting its due diligence is the Form 144.

It would, in my opinion, severely hamper the securities broker-dealer firm in conducting its due diligence if the Form 144 filing requirement was eliminated from the Rule 144 sale by an affiliate of the issuer.

As noted above, in my experience, such due diligence is a major factor in preventing trading by a prospective seller in possession of material non-public information.

Also in my experience, the manner of sale requirement, which, as noted above, keeps the securities broker-dealer on the job as the gatekeeper , and the Form 144 filing requirement, work very well together, to allow the firm to perform its due diligence function, as discussed above. It is, in my opinion, vitally important to keep both of those conditions in place.

In connection with the wise decision of the SEC to retain the Form 144 filing requirement in the case of a Rule 144 sale by an affiliate, it is noted that the SEC has proposed an amended Form 144, which sets forth some new provisions, which help to implement other proposed amendments to Rule 144.

Some examples of such other proposed amendments are (1) the language above the signature line on the reverse side of the proposed new Form 144, which includes the current representation concerning the absence of material adverse non-public information , as well as a new representation concerning the Rule 10b5-1 "affirmative defense", and (2) Instruction 2 below Table II on the reverse side of the proposed new Form 144, which has to do with disclosure of any short position or any put equivalent position, as well as (3)the bottom line on the left side of the reverse side of the proposed new Form 144, which calls for the date of any Rule 10b5-1 sale plan that is being relied on.

The foregoing further confirms to us that the SEC intends to retain the Form 144 filing condition for Rule 144 sales by affiliates.

WHAT HAPPENS TO SECTION 3(a) (10) STOCK?

In the Release, the SEC proposes to eliminate the presumptive underwriter doctrine of Rule 145(c) and the resale provision of Rule 145(d), except in the case of Rule 145(a) transactions that involve a "shell company".

It is noted that one of the "ripple" effects of the elimination of Rule 145 (c) and (d) relates to the sale of securities received in a corporate reorganization exempt under Section 3(a)(10) of the Securities Act of 1933.

In 1987 the SEC staff took the position that stock received in a Section 3(a)(10) corporate reorganization could be publicly resold pursuant to the provisions of Rule 145(d). That remains the position of the staff today. See Staff Legal Bulletin No. 3(CF)("Resale Status of Securities Received in a Transaction Exempt From Securities Act Registration Pursuant to Section 3(a)(10))"(October 20, 1999).

In 1997, the SEC had proposed to completely eliminate Rule 145 (c) and (d), but did not do so at that time. In 1999, in SLB No. 3(CF), the staff noted that:

"The Division initially expressed these positions in the no-action response to St. Ives Holding Company, Inc. (avail. July 22, 1987) and continues to follow them in its analysis of these issues. The Commission recently proposed to eliminate the resale limitations of Rule 145 (c) and (d). If this proposal is adopted, the staff's position regarding resale conditions will be reassessed."

If the SEC does, in fact, make final its present proposal to eliminate Rule 145(c) and (d), such reassessment will need to be made. Perhaps the SEC or the staff will set forth the results of any such reassessment in a set of frequently asked questions on the Proposed Rule 144 amendments.

Please let me know if you have any questions or need any further information with regard to the foregoing.

Very Truly Yours,

Robert A. Barron