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October 9, 2007

Via Electronic

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: Revisions of Limited Offering Exemptions in Regulation D (Release No. 33-8828; File No. S7-18-07

Dear Ms. Morris:

We appreciate the opportunity to comment on the proposed changes set forth in the Release regarding the revisions of Limited Offering Exemptions in Regulation D. Our comments are based on our experience representing small reporting company issuers, selling security holders and other market participants, although the comments are solely our own and are not intended to express the views of our clients.

We are highly supportive of the efforts of the Commission in its recent proposals impacting the smaller reporting companies, and in particular revisions to Regulation D. We are of the opinion that the recent proposals in general will facilitate capital rising, by enhancing the liquidity of securities acquired pursuant to Regulation D without compromising investor protection.

The Commission has requested comment on a number of Regulation D related issues. We are providing our comments on several of the issues which impact our client base, as well as some suggestions for revisions of the proposals as submitted.

A. Proposed Rule 507 – Exemption for Limited Offers and Sales to Large Accredited Investors

We support the proposed creation of a new exemption to the registration requirements of the Securities Act for offers and sales of securities to a new category of investors called "large accredited investors."

- *Large Accredited Investor Standard.* New Rule 507 proposes a new category of Accredited Investor with higher thresholds, which we believe provide a more than adequate standard for determining eligibility for investor protection. However; we do not believe that the ability to advertise, by smaller reporting companies will provide significant benefits to capital raising, in that in our experience we do not believe "Large Accredited Investors" are likely to respond to such general solicitations.
- *Limited Advertising Permitted.* Although we concur with the utilization of a limited word requirement, we are unsure that 25 words are sufficient to provide a meaningful description of the business of an issuer. We are of the opinion that a larger word limitation, such as 50 words may be more appropriate, in light of the fact that an inadvertent error in going over the word limitation may create strict liability.

- *No Sales to Persons Who Do Not Qualify as Large Accredited Investors.* Although we concur with the Rule 507 proposal to exempt a transaction from Securities Act registration for the sale of securities only to investors who qualify as large accredited investors, we have concerns over the "Integration" of sales to "Accredited Investors" pursuant to Rule 506. From a practical standpoint, we believe the small reporting company will be going on a fishing expedition to attract the "Large Accredited Investor," and in the situation where the offering fails, the company will be required to wait out the six month period or face integration with a subsequent Rule 506 offering.

  We would prefer to see an integration safe harbor for Rule 507 and the subsequent Rule 506 offerings to "Accredited Investors." We do not believe that you should permit Accredited Investors to invest in Rule 507

offerings, however allow for a termination of the Rule 507 offering, and an immediate Rule 506 offering to Accredited Investors, without concern for integration of the two offerings. If the proposal is intended to be capital formation friendly, an issuer in dire need of capital would be ill advised, in our opinion, to go on the fishing expedition, without the fall back of the immediate ability to rely on a Rule 506 offering.

B. Proposed Revisions Related to Definition of "Accredited Investor."

- *Proposed Definition of "Joint Investments."* We believe that as to marital assets utilized in calculating net worth, as long as both individuals have liquidating control over the assets, 100% of the assets should be included in the definition of Joint Investments.
- *Future Inflation Adjustment.* We concur with the staff decision on adjusting for inflation on a going forward basis, starting on July 1, 2012, and every five years thereafter; and would oppose a one-time adjustment at this time.

B. Proposed Revisions to General Conditions of Regulation D.

- *Proposed Revisions to Regulation D Integration Safe Harbor.* We strongly support reducing the safe harbor from 180 days to the 90 days proposed in the revisions to Rule 502 of Regulation D. However; as referenced above, we believe that there should be a safe harbor for a failed and terminated Rule 507 offering and a subsequent Rule 506 offering to accredited only investors.
- *Proposed Guidance Regarding The Integration of Concurrent Public and Private Offerings.* We are strongly supportive of the staff's proposal to provide guidance regarding the integration of concurrent public and private offerings. Although the Division staff has provided interpretive letters pertaining to the ability to complete concurrent

private placements,[1] we have noted some inconsistency in staff comments relative to such integration issues.

- *Proposed Revisions to Rule 504.* We concur with the proposal that Regulation D should be amended so that securities sold in reliance on Rule 504(b)(1)(iii) pursuant to a state law exemption that permits sales only to accredited investors would be subject to the limitations on resale in Rule 502(d) and, as such, be deemed "restricted securities' for purposes of Rule 144. We believe that the application of this Rule allowed for a systemic fraud by a number of individuals who created the so called "Texas 504" in order to create significant amounts of unrestricted securities. We do not believe that the revisions to Regulation D, making securities issued under Rule 504(b)(1)(iii) "restricted securities," would impose significant burdens on start-up and other smaller companies. In light of the proposed amendments to Rule 144 and Rule 145[2], if approved, we believe the burden would be neutralized by the shortened Rule 144 period. Additionally, we believe the revision would remove the existing taint to Rule 504 for legitimate Rule 504 offerings, both registered under state securities laws, and unregistered offerings. As we understand the revision, Rule 504(b)(1)(i) & (ii) would remain intact, allowing for the continued resale of unrestricted securities registered under state securities laws.

We appreciate the opportunity to provide these comments.

Yours truly,

Stoecklein Law Group

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[1] Division of Corporation Finance no-action letter to Black Box Incorporated (June 26, 1990) and Squadron Ellen off, Pleasant & Lehrer (Feb. 28, 1992).

[2] Release File No. 33-8813 (S7-11-07) June 22, 2007)[72 Fed.Reg. 128 at 36822 (July 5, 2007].