



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

DIVISION OF
CORPORATION FINANCE

July 25, 2005

Kevin P. McEnery, Esq.
Wilmer Cutler Pickering Hale and Dorr LLP
2445 M Street, N.W.
Washington, D.C. 20037

**Re: In the Matter of Prudential Equity Group, LLC—Waiver
Request under Regulation A and Rule 505 of Regulation D**

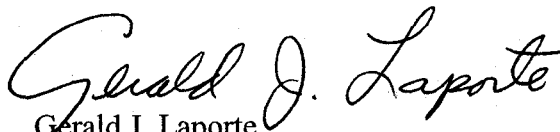
Dear Mr. McEnery:

This is in response to your letter dated July 25, 2005, written on behalf of Prudential Equity Group, LLC, f/k/a Prudential Securities Incorporated ("Prudential"), 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 arise by virtue of the order entered on this date by the Securities and Exchange Commission, pursuant to Sections 15(b)(4) and 21C of the Securities Exchange Act of 1934 ("Exchange Act"), ordering Prudential to cease and desist from committing or causing any violations and any future violations of Sections 17(b) of the Exchange Act, censuring Prudential, and ordering Prudential to pay a civil money penalty in the amount of \$125,000, Exchange Act Rel. No. 52116 (July 25, 2005) (the "Order"). The Order had been preceded by another order of the Commission naming Prudential as respondent arising out of the same investigation, Securities Act Rel. No. 8469 (August 25, 2004). Entry of the prior order was the basis of such relief granted in *Prudential Equity Group, LLC*, SEC Letter (August 25, 2004).

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 Prudential will comply with the Order.

On the basis of your letter, I have determined that you have made showings 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, Prudential 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,


Gerald J. Laporte
Chief, Office of Small Business Policy

WILMER CUTLER PICKERING
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July
June 25, 2005

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BY MESSENGER

Gerald J. Laporte, Esq.
Chief, Office of Small Business Policy
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E., 3rd Floor
Washington, D.C. 20549-3628

Re: In the Matter of Certain Payments for Research, File No. HO-09700

Dear Mr. Laporte:

This letter is submitted on behalf of our client, Prudential Equity Group, LLC, f/k/a/ Prudential Securities Incorporated ("Prudential Equity"), the settling respondent in administrative proceedings arising out of the above-captioned investigation. Prudential Equity hereby requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D of the Securities and Exchange Commission (the "Commission") promulgated under the Securities Act of 1933 (the "Securities Act"), waivers of any disqualifications from exemptions under Regulations A and D that may be applicable to Prudential Equity and any of the issuers described below as a result of the entry of an Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 15(b)(4) and 21C of the Securities and Exchange Act of 1934 (the "Order"), which is described below. Prudential Equity requests that these waivers be granted effective upon the entry of the Order. It is our understanding that the Division of Enforcement does not object to the grant of the requested waivers.

BACKGROUND

The staff of the Commission engaged in settlement discussions with Prudential Equity in connection with the administrative proceedings arising out of the above-captioned investigation, which were brought pursuant to Sections 15(b)(4) and 21C of the Securities Exchange Act of 1934 (the "Exchange Act"). As a result of these discussions, Prudential Equity submitted an executed Offer of Settlement of Prudential Equity Group, LLC (the "Offer") that was presented by the staff to the Commission.

In the Offer, solely for the purpose of proceedings brought by or on behalf of the Commission or to which the Commission is a party, Prudential Equity agreed to consent to the entry of the Order, which is attached to the Offer, without admitting or denying the findings

contained therein (other than those relating to the jurisdiction of the Commission, which are admitted). The Order, which was entered today, contains the following findings, without admission or denial by Prudential Equity: in August 2004, after an investigation by its staff, the Commission issued a settled administrative and cease-and-desist order against Prudential Equity for failing to disclose that it had received payments in consideration for publishing research on three public companies; during the course of its investigation, the staff had requested that Prudential Equity produce all documents relating to payments in consideration for publishing research that had been received by Prudential Equity; in October 2001, Prudential Equity received a \$100,000 payment in consideration for publishing research on Scios, Inc. ("Scios"), a public company, and did not disclose this payment in its research report; after the August 2004 settlement, Prudential Equity notified the staff that it had recently located several additional documents relating to Scios responsive to the staff's request that it had not previously produced. The Order found further that Prudential Equity willfully violated Section 17(b) of the Securities Act by publishing a communication that described a security for consideration received, directly from an underwriter, without disclosing the receipt of such consideration and the amount thereof, and willfully violated Section 17(b) of the Exchange Act by failing promptly to produce documents in response to a regulatory request. The Order censured Prudential Equity and ordered it to: cease and desist from committing or causing any violations and any future violations of Section 17(b) of the Exchange Act; and pay a civil money penalty of \$125,000.

DISCUSSION

Prudential Equity understands that the entry of the Order may disqualify it, affiliated entities, and other issuers from certain exemptions under Regulation A and Rule 505 of Regulation D promulgated under the Securities Act, insofar as the Order causes Prudential Equity to be subject to an order of the Commission entered pursuant to Section 15(b) of the Exchange Act. Prudential Equity is concerned that, should it be deemed to be a general partner, promoter, or underwriter of the securities, of an "issuer" for the purposes of Securities Act Rule 262(b)(3), Prudential Equity, those of its issuer affiliates, and other issuers with which it is associated in one of those listed capacities and which rely upon or may rely upon these offering exemptions when issuing securities would be prohibited from doing so. The Commission has the authority to waive the Regulations A and D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances. See 17 C.F.R. §§ 230.262 and 230.505(b)(2)(iii)(C).

Prudential Equity 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 Prudential Equity, its issuer affiliates, or third-party issuers on the following grounds:

1. Prudential Equity's conduct addressed in the Order does not pertain to Regulation A or D.
2. The disqualification of Prudential Equity, any of its issuer affiliates, or third-party issuers with which it is associated in one of the capacities listed above from the exemptions

under Regulations A and Rule 505 of Regulation D would be unduly and disproportionately severe given the nature of the violation addressed in the Order and the extent to which disqualification may affect the business operations of Prudential Equity, its issuer affiliates, or such third-party issuers by impairing their ability to issue securities pursuant to these exemptions to raise new capital or for other purposes. In addition, the disqualification of Prudential Equity, its issuer affiliates, or third-party issuers from the regulatory exemptions may place Prudential Equity or those issuers at a competitive disadvantage with respect to third parties that might seek to invest in securities that rely on the regulatory exemptions.

3. The disqualification of Prudential Equity, any of its issuer affiliates, or third-party issuers from the exemptions under Regulation A and Rule 505 of Regulation D also would be unduly and disproportionately severe, given that: (a) the Order relates to activity that will be addressed in the administrative proceedings and (b) Prudential Equity must pay a significant civil money penalty pursuant to the Order.

In light of the grounds for relief discussed above, we believe that disqualification is not necessary, in the public interest or for the protection of investors, and that Prudential Equity has shown good cause that relief should be granted. Accordingly, we respectfully urge the Commission to waive, effective upon the entry of the Order, the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent they may be applicable to Prudential Equity, any affiliated issuers, and certain third-party issuers described above, as a result of the entry of the Order.¹

¹ We note in support of this request that the Commission has granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D for similar reasons. *See, e.g.*, Sybaris Clubs Int'l, Inc., S.E.C. No-Action Letter (pub. avail. July 1, 1996); The Cooper Companies, Inc., S.E.C. No-Action Letter (pub. avail. Dec. 20, 1994); Michigan Nat'l Corp., S.E.C. No-Action Letter (pub. avail. Dec. 17, 1993); General Electric Co., S.E.C. No-Action Letter (pub. avail. May 24, 1988); *see also* Prudential Securities Inc., S.E.C. No-Action Letter (pub. avail. July 10, 2003); Credit Suisse First Boston Corporation, S.E.C. No-Action Letter (pub. avail. Jan. 29, 2002); Dain Rauscher, Incorporated, S.E.C. No-Action Letter (pub. avail. Sept 27, 2001); Legg Mason Wood Walker, Incorporated, S.E.C. No-Action Letter (pub. avail. June 11, 2001); Prudential Securities Inc., S.E.C. No-Action Letter (pub. avail. Jan 29, 2001).

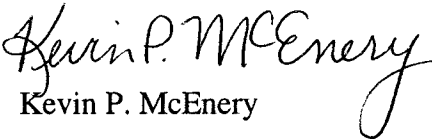
Gerald J. Laporte, Esquire

June 25, 2005

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If you have any questions regarding this request, please contact me at the above-listed number.

Sincerely yours,


Kevin P. McEnery

cc: David Buchalter, Esquire
Felicia Smith, Esquire