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

THE CHAIRMAN

June 21, 2016

Robert J. Endicott
Bryan Cave LLP
One Metropolitan Square
211 North Broadway, Suite 3600
St Louis, MO 63102-2750

Re: In the Matter of Feltl & Company, Inc.
Waivers of Disqualification under Rule 506(d)(2)(ii) of Regulation D and Rule 262(b)(2) of Regulation A
Securities Exchange Act of 1934 Release No. 78114, June 21, 2016
Administrative Proceeding File No. 3-17306

Dear Mr. Endicott:

This letter responds to your letter dated June 20, 2016 ("Waiver Letter"), written on behalf of Feltl & Company, Inc. ("Feltl") and constituting an application for waivers of disqualification under Rule 506(d)(2)(ii) of Regulation D and Rule 262(b)(2) of Regulation A under the Securities Act of 1933. In the Waiver Letter, you requested relief from any disqualification that will arise as to Feltl under Rule 506 of Regulation D and Rule 262 of Regulation A under the Securities Act by virtue of the Commission's order entered June 21, 2016 in the Matter of Feltl & Company, Inc. pursuant to Sections 15(b), 15B(c)(2) and 21C of the Securities Exchange Act of 1934, Release No. 78114 (the "Order").

Based on the facts and representations in the Waiver Letter and assuming Feltl complies with the Order, the Division of Corporation Finance, acting for the Commission pursuant to delegated authority, has determined that Feltl has made a showing of good cause under Rule 506(d)(2)(ii) of Regulation D and Rule 262(b)(2) of Regulation A that it is not necessary under the circumstances to deny reliance on Rule 506 of Regulation D or Regulation A by reason of the entry of the Order. Accordingly, the relief requested in the Waiver Letter regarding any disqualification that may arise as to Feltl under Rule 506 of Regulation D or Regulation A by reason of the entry of the Order is granted on the condition that it fully complies with the terms of the Order. Any different facts from those represented or failure to comply with the terms of the Order would require us to revisit our determination that good cause has been shown and could constitute grounds to revoke or further condition the waiver. The Commission reserves the right, in its sole discretion, to revoke or further condition the waiver under those circumstances.

Very truly yours,

Sebastian Gomez Abero
Chief, Office of Small Business Policy
Division of Corporation Finance

BRYAN CAVE

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June 20, 2016

VIA E-MAIL AND US MAIL
Eun Ah Choi
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-3628

Re: *In the Matter of Feltl & Company, Inc.*; File No. B-02909; Waiver Request of any disqualifications from relying on exemptions under Regulation A and Rule 506 of Regulation D

Dear Ms. Choi:

We are writing on behalf of Feltl & Company, Inc. ("**Feltl**") in connection with the anticipated settlement with the Securities and Exchange Commission ("**SEC**" or "**Commission**") relating to *In the Matter of Feltl & Company, Inc.* The settlement will result in an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b), 15B(b)(2) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("**Order**") against Feltl.

On behalf of Feltl, we hereby respectfully request, pursuant to Rule 262 of Regulation A and Rule 506(d)(2)(ii) of Regulation D promulgated by the Commission under the Securities Act of 1933, as amended (the "**Securities Act**"), waivers of any disqualifications with respect to Feltl from relying on exemptions under Regulation A and Rule 506 of Regulation D that may be applicable as a result of the entry of the Order against Feltl.

BACKGROUND

Feltl has engaged in settlement discussions with the Division of Enforcement in connection with the above-captioned administrative proceeding. As a result of these discussions, Feltl has submitted an Offer of Settlement that Feltl will agree to the Order, which will be presented by the staff to the Commission.

Feltl is a Minnesota corporation that is a registered broker-dealer pursuant to Section 15(b) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and a municipal securities dealer and a municipal securities broker as defined in Sections 3(a)(30) and 3(a)(31) of the Exchange Act.

The Order will arise out of proceedings involving the sale of both non-investment grade (or "junk") bonds and unrated bonds by Feltl to customers in amounts below the minimum denominations of the issues. Rule G-15(f) promulgated by the Municipal Securities Rulemaking Board ("**MSRB**") prohibits dealers from effecting customer transactions in municipal securities in amounts below the minimum denomination of the issue. Minimum denominations are generally intended to limit sales of municipal securities to retail investors for whom such bonds may not be suitable, but the proscriptions of Rule G-15(f) apply to all transactions with customers, regardless of whether the securities are suitable for the customer. The Order will find that, between November 2012 and March 2014, Feltl violated MSRB Rule G-15(f) by executing 43 sales transactions in three different bond series with customers in amounts below the minimum denominations of those three issues. The Order will also find that Feltl violated MSRB Rule G-17 by failing to disclose to these customers, at or prior to the time of their trades, the fact that the bonds had minimum denominations, and to explain how this could affect the liquidity of their positions in the bonds. Finally, the Order will find that Feltl violated MSRB Rule G-27 by failing to adopt, maintain and enforce written supervisory procedures reasonably designed to ensure compliance with MSRB Rule G-15(f).

The purpose of MSRB Rule G-15(f) is to ensure municipal securities dealers observe the minimum denominations stated in the official documents of municipal securities issues. Municipal securities issues may provide a "minimum denomination" larger than the normal $5,000 par due to issuers' concerns that the securities may not be appropriate for those retail investors who would be likely to purchase securities in relatively small amounts. Non-investment grade bonds present substantial risks to retail investors, including liquidity risk (i e., risk that an investor will not be able to sell a bond quickly and at an efficient price), as well as credit risk of the issuer and interest rate risk. In addition, the market for non-investment grade bonds is constricted by the fact that many municipal bond mutual funds are prohibited by their prospectuses from purchasing non-investment grade bonds. Bonds without credit ratings are in some respects comparable to non-investment grade bonds. Unrated bonds tend to be offered by small issuers and are typically thinly traded. There are other risks associated with each of these types of bonds.

As noted in more detail in the Order during the time period of Feltl's conduct, "[t]he MSRB [had] interpreted [MSRB Rule G-17] to mean, among other things, that dealers are required to disclose, at or before the sale of municipal securities to a customer, all material facts concerning the transaction, including a complete description of the security." [citations omitted] The MSRB has further stated: "[A]ny time a dealer is selling to a customer a quantity of municipal securities below the minimum denomination for the issue, the dealer should consider this to be a material fact about the transaction. The MSRB believes that a dealer's failure to disclose such a material fact to the customer, and to explain how this could affect the liquidity of the customer's position, generally would constitute a violation of the dealer's duty under MSRB Rule G-17 to disclose all material facts about the transaction to the customer." [citations omitted]

Customers who purchased the 2014 Puerto Rico Bonds, 2013 Dakota County CDA Bonds and 2009 Rochester Bonds (described in Item 4 below) from Feltl in amounts below the minimum denominations of the issues received confirmations of their purchases from Feltl's clearing firm. The confirmations stated "QUANTITY BELOW MINIMUM DENOMINATION. LIQUIDITY MAY BE IMPACTED." However, the confirmations were provided to customers only after Feltl had executed the sales transactions, and the Feltl did not otherwise disclose to its customers, at or prior to the time of their trades, that the amounts of the bonds they were purchasing were below the minimum denominations of the issues.

As a result of the foregoing, the Order will find that Feltl (i) willfully violated MSRB Rules 0-15(f), G-17 and G-27(c) and (ii) as a result of the violations in (i), willfully violated Section 15B(c)(1) of the Exchange Act.

Feltl has submitted an Offer of Settlement (the "**<u>Offer</u>**") that will be presented to the Commission. Without admitting or denying the findings in the Order, except as to the Commission's jurisdiction over Feltl and the subject matter of the proceeding, Feltl has agreed to consent to the issuance of the Order and to (i) cease and desist from committing or causing any violations and any future violations of Section 15B(c)(1) of the Exchange Act and MSRB Rules G-15(f), G-17, G-27(c) and G-47, (ii) be censured, (iii) pay a civil money penalty in the amount of $183,128 to the Commission, and (iv) comply with certain undertakings enumerated in the Order relating to review, modification, implementation and training with respect to its existing policies and procedures (including adopting new policies and procedures or supplementing existing policies and procedures) relating to compliance with certain MSRB Rules, as described below. Feltl will inform Commission staff no later than six months after the entry of the Order that it has complied with such undertakings.

DISCUSSION

Feltl understands that the entry of the Order may disqualify it, affiliated entities, and other issuers from relying on certain exemptions under Regulation A and Rule 506 of Regulation D promulgated under the Securities Act. Feltl is concerned that, should it be deemed to be an issuer, predecessor of the issuer, affiliated issuer, general partner or managing member of an issuer, solicitor, or underwriter of securities or in any other capacity described in Securities Act Rules 262 and 506 for the purposes of Securities Act Rule 262(b)(3) and Rule 506(d)(1)(iv), Feltl and other entities with which Feltl 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 Regulation 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 230.506(d)(2)(ii).

In granting a waiver, the Division of Corporation Finance (the "**Division**") will consider the nature of the violation or conviction and whether it involved the offer and sale of securities. In addition, the Division will consider whether the conduct involved a criminal conviction or scienter-based violation. Additionally, the Division will consider who was responsible for the misconduct, the duration of the misconduct, the remedial steps the party seeking the waiver has taken to address the misconduct, and the impact if the waiver is denied.

We believe that Feltl satisfies these factors the Division considers for the reasons stated below. Feltl requests that the Commission waive any disqualifying effects that the Order may have under Regulation A and Rule 506 of Regulation D as a result of its entry as to Feltl:

1. *Nature of the Violations*

As noted above, the Order will find that Feltl solicited 43 sales transactions that it executed with customers in three series of bonds below the minimum denominations of the issues. Feltl executed 23 sales transactions in bonds that were below investment grade (the 2014 Puerto Rico Bonds) at the times described in item 4 below. Feltl executed an aggregate of 20 sales transactions in unrated bonds (the 2013 Dakota County CDA Bonds and 2009 Rochester Bonds) at the times described in item 4 below. Feltl failed to disclose to its customers the fact that the bonds had minimum denominations and the resulting effect on the liquidity of the customers' positions in the bonds before the sales transactions were effected. Finally, Feltl failed to adopt, maintain and enforce written supervisory procedures reasonably designed to ensure compliance with MSRB Rule G-15(f).

However, while the conduct at issue in the Order accordingly involved the offer and sale of securities, such conduct nevertheless does not pertain to offerings under Regulation A or D.

2. ***The Violations are Not Criminal or Scienter Based***

The violations described in the Order are not criminal in nature and are not scienter-based.

3. *Responsibility for the Violations*

With respect to the specific conduct at issue in the Order, a single individual, Feltl's fixed income trader, was responsible for the ultimate execution of the trades through Feltl's fixed income trading desk. There were eight Feltl retail registered representatives who were responsible for the solicitation and/or placement of the trades at issue. These registered representatives submitted the trades to the

Feltl fixed income trading desk. Neither Feltl's fixed income trader, nor any of the retail registered representative who made the solicitations and/or placements at issue, are members of the Board of Directors, Executive Committee or senior management of Feltl. There will be no findings that any member of senior management directed either (1) the Feltl retail registered representatives to solicit or place any of the trades at issue in the Order or (2) Feltl's fixed income trader or trading desk to execute any of the trades at issue in the Order. Moreover, senior management had not issued any general directive authorizing or condoning the placement of trades below the minimum denomination requirement in a manner inconsistent with applicable rules. Neither will the Order state that the wrongdoing reflected "a tone at the top" that condoned or chose to ignore the conduct. Rather, Feltl has accepted responsibility for the conduct of its employees as described in the Order.

Importantly, the Order will not (i) describe fraud in connection with offerings by Feltl of its securities, (ii) state that members of the Board of Directors or the Executive Committee knew about the violations or (iii) state that members of the Board of Directors or the Executive Committee of Feltl ignored any warning signs or "red flags" regarding the violations. As a result, Feltl believes that a disqualification under Regulation A and Rule 506 of Regulation D is not necessary for the public interest or the protection of existing and potential investors.

4. *Duration of the Violations*

The conduct occurred during a period of approximately 16 months from between November 2012 and March 2014, as follows:

- In November 2012, Feltl executed seven sales transactions in bonds issued by the County of Rochester, Minnesota in December 2009 and described in the Order, and executed one additional sale in September 2013(the "**2009 Rochester Bonds**").

- In November 2013, Feltl executed 12 sales transactions in bonds issued by the Dakota County (Minnesota) Community Development Agency in November 2013 and described in the Order (the "**2013 Dakota County CDA Bonds**").

- In March 2014, Feltl executed 23 sales transactions in bonds issued by Puerto Rico in March 2014 and described in the Order (the "**2014 Puerto Rico Bonds**").

However, as mentioned above, the execution of the trades at issue in the Order was generally isolated to the actions of a single individual on Feltl's fixed income trading desk, and remedial action, as described below, has been and will be implemented to ensure that the conduct does not reoccur.

5. *Feltl Has Taken and Will Take Remedial Steps*

Feltl has implemented and will continue to implement policies and procedures designed to prevent the recurrence of the conduct that will be the subject of the Order, including the following:

- Feltl canceled transactions in the 2014 Puerto Rico Bonds after it was made aware by Commission Staff that it had effected customer transactions below the minimum denomination of the issue.

- Feltl incurred $22,032 in costs for such cancelations.

- Feltl terminated the conduct addressed in the Order going forward and instituted formal and informal training relating to compliance with the MSRB rules relating to minimum denominations. Feltl currently has, and at during the relevant time period at issue in the Order had, only one fixed income trader. As noted above, Feltl's fixed income trader was solely responsible for executing the trades of the bonds described in the Order on Feltl's fixed income trading desk. As a result of the SEC investigation of the matter, members of senior management and the compliance group met with the individual trader and conducted a formal training session regarding the MSRB Rules relating to minimum denominations. In addition, the individual periodically reviews resource materials and reads current literature regarding minimum denomination issues. As a result of the training described above, Feltl believes that its fixed income trader has a significantly heightened awareness of the applicable rules and regulations relating to minimum denomination requirements and the importance of adhering to those rules and regulations.

- In addition to the remedial measures undertaken with respect to Feltl's fixed income trader, Feltl also intends to conduct additional training relating to the minimum denomination restrictions for its retail supervisors and branch managers in order to enhance its existing supervisory processes and procedures. Feltl currently has approximately 100 affiliated retail registered representatives. Those retail registered representatives are each assigned to an Office of Supervisory Jurisdiction ("OSJ") and the supervision of those assigned retail registered representatives is conducted by a designated branch manager. Feltl has nine branch managers who are responsible for the supervision of registered representatives. Feltl's branch managers are currently required to review transactions on a T+1 basis and, as part of that process, are required to review transactions in municipal securities subject to minimum denomination thresholds.

  Feltl already has in place a policy applicable to its retail registered representatives and their supervisors which, consistent with the applicable MSRB rules, prohibits a transaction in municipal securities below the specified minimum denomination, unless the transaction falls within one of the enumerated exceptions. Feltl registered representatives also have available to them all relevant data regarding municipal bond issues, including data regarding minimum denominations. As noted above, Feltl believes that by virtue of the additional remedial measures it has taken with respect to its fixed income trader, municipal securities will not be made available to its retail sales force in circumstances where such a transaction would be in violation of the applicable MSRB rules. As part of the remediation process, however, Feltl also intends to conduct additional training with respect to the applicable restrictions on transactions in municipal securities subject to a minimum denomination threshold for both its retail registered representatives and its supervising branch managers.

Feltl believes that the remedial measures described above have resulted in, and will enhance, supervisory processes and controls reasonably designed to detect and prevent violations of the type described in the Order.

Moreover, the Order will require Feltl to undertake the following remedial measures:

- Feltl will review the adequacy of its existing policies and procedures relating to compliance with MSRB Rules G-15(f), G-17, G-27 and G-47.
- After that review, Feltl will make such changes as are necessary to ensure compliance with MSRB Rules G-15(f), G-17, G-27 and G-47, including adopting new policies and procedures or supplementing existing policies and procedures.
- Feltl will implement these policies and procedures, and conduct training as to the policies and procedures and compliance with MSRB Rules G-15(f), G-17, G-27 and G-47.
- Feltl will inform Commission staff no later than six (6) months after the entry of this Order that it has complied with the above undertakings and will provide the Commission staff with a copy of its existing policies and procedures as to MSRB Rules G-15(f), G-17, G-27 and G-47 at that time.

Feltl thus has taken and will continue to take concrete steps to remediate the conduct at issue in the Order. The steps are designed to enhance Feltl's overall compliance program going forward. Accordingly, Feltl believes it is not necessary to disqualify Feltl from relying on Rule 262 Regulation A and Rule 506 in connection with an offering.

6. *Impact on Feltl and Third Parties if Wavier is Denied*

The disqualification of Feltl from the exemptions under Regulation A and Rule 506 of Regulation D would be unduly and disproportionately severe given that the Order addresses the activity in the Order through a cease and desist order and other relief. The disqualification would adversely affect the business operations of Feltl or third party issuers by impairing Feltl's ability to service as a private placement agent in connection with offerings of securities pursuant to these exemptions.

Feltl participates in transactions as a private placement agent pursuant to which third party corporate issuers utilize the exemption provided by Rule 506. Feltl has in the past generated revenue by participating in transactions using this exemption. Since 2012, Feltl has participated in approximately six private placement offerings for corporate issuers, raising approximately $23.5 million. All of these private placement offerings were identified as specifically relying on Rule 506 of Regulation D.

Corporate clients engage Feltl on variety of private placements of securities exempt from registration under Section 4(a)(2) of the Securities Act, primarily including private placements under Regulation D. If Feltl is unable to use the exemption provided by Regulation D, corporate issuers that have entered into, or will enter into, engagements with Feltl will themselves be disqualified from relying on Regulation D. Thus, even if a corporate issuer ultimately chooses not to conduct a private placement pursuant to Regulation D, it would be unlikely to engage Feltl for a private placement so as not to foreclose the option of relying on Rule 506. This would place Feltl at a significant competitive disadvantage compared to other placement agents or other providers of similar financial services in connection with private placement generally. Moreover, if Feltl is not able to develop relationships with growing private corporate clients at an early stage through private placement engagements, Feltl would be at a further disadvantage relative to its peers in securing engagements from these clients in connection with other capital markets transactions (such as secondary offerings following an initial public offering or otherwise) or merger and acquisition transactions.

In addition, while Feltl has not participated in Regulation A offerings since 2012, it has recently hired an individual who is exclusively engaged to develop Feltl's Regulation A and Regulation D offering business.

As a result, the disqualification of Feltl from the exemptions under Regulation A and Rule 506 of Regulation D would adversely impact third parties that have retained, or may retain, Feltl in connection with transactions that rely on these exemptions. For example, third party issuers who retain Feltl as a placement agent would be disadvantaged if Feltl were disqualified from serving in that capacity.

7. ***Disclosure of Written Description of Order to Investors***

For a period of five years from the date of the Order, Feltl will furnish (or cause to be furnished) to each purchaser in a Rule 262 Regulation A and Rule 506 offering that would otherwise be subject to the disqualification under Rule 262 of Regulation A or Rule 506(d)(l) as a result of the Order, a description in writing of the Order a reasonable time prior to sale.

* * * * *

In light of the grounds for relief discussed above, we believe that disqualification is not necessary under the circumstances and that Feltl has shown good cause that relief should be granted. Accordingly, we respectfully urge the Commission, pursuant to Rule 262 of Regulation A and Rule 506(d)(2)(ii) of Regulation D, to waive the disqualification provisions in Regulation A and Rule 506 of Regulation D to the extent they may be applicable as a result of the entry of the Order as to Feltl.

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Please do not hesitate to call me at the number listed above if you have any questions.

Very truly yours,

Robert J. Endicott

cc: Jeffrey J. Kalinowski