



Carolinas - Virginia
Business Brokers Association

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OFFICE OF THE SECRETARY

October 4, 2010

Ms. Mary Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Securities Licensing/Registration Exemption for Main Street Business Brokers

Dear Ms. Schapiro:

I am the President of the Carolinas-Virginia Business Brokers Association and on behalf of our membership and the non-member Business Brokers in North Carolina, South Carolina and Virginia, I would like to request your consideration of the need to exempt main street business brokers from securities licensing and registration.

Business Brokers across the country do not normally register nor do they have a securities license-nor should they, given the nature of their activities. The cost to regulate or even register business brokers will be burdensome, costly to the regulator and to the Business Broker, and unnecessary. It would be helpful if you could issue an explicit exemption to clarify and codify the current practices of main street business brokers.

Our membership also supports the letter of Jonathan M. (Mike) Miller dated October 19, 2009, and the MEMO of attorney John C. Willems to the TABB, Inc. Board of Directors dated August 11th, 2009 advocating for a securities registration/licensing exemption for main street business brokers. Further, we support the Securities Transfer Exemption Parameters that were attached to Mr. Miller's letter and are also attached to this letter.

Please help small business owners and buyers by formulating a rule adopting the attached Securities Transfer Exemption Parameters for Main Street Business Brokers.

Sincerely yours,

Gary W. Gunderson, President

Enclosures

CC: Kathleen L. Casey
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
Elisse B. Walter
Luis A. Aquilar
Troy A. Paredes

SECURITIES TRANSFER EXEMPTION PARAMETERS FOR MAIN STREET BUSINESS BROKERS

In accordance with the parameters set out by the U.S. Securities and Exchange Commission's Private Letter Rulings issued to International Business Exchange Corporation on December 12, 1986 and to Country Business, Inc. on November 8, 2006, under the reasoning in *Vero Group v. ISS Service System, et al*, 971 Fed 2d 1178 (1992) and the cases in line with *Vero and Star Supply Company v. Jones*, 665 SW2d 194 (1984), the following acts should be codified to form the basis of a federal exemption relative to securities licensing or registration of main street business brokers when those business brokers are involved in the sale of a business that results in a securities transaction:

The permitted activities of the business broker under the exemption are proposed as follows:

1. In marketing a business, the business broker will only advertise to potential buyers that the "business" is for sale.
2. The business broker will not advise either the buyer or seller that the transaction be completed via a sale or purchase of securities.
3. If the decision is made to conclude the sale of the business via a sale of securities, it will be made by the buyer and seller or their advisors without the business broker's advice.
4. After the time, if any, the decision is made that the sale transaction will be a securities sale the business broker will then have a limited role in the negotiations between or among the parties and will merely facilitate the transmittal of information or documents between the buyer and seller, or their advisors.
5. In no event will the business broker have the authority to make binding agreements on behalf of any party to a securities transaction.
6. The business broker will not assess the value of any security or equity interest to be sold, but may assess the total value of the assets or the business to be sold as a going concern.
7. The business broker will not be involved in the formation or set up of the buyer or the buyer group.
8. The business broker will not assist the buyer in obtaining financing.
9. However, the business broker may provide uncompensated introductions to lending sources that the buyer may consider for the transaction. The business broker also may help in completing the paperwork associated with loan applications for the buyer in order to assist in completing the transaction.
10. The compensation to be paid to the business broker will not change regardless of the manner in which the sale is concluded (whether asset sale or the sale of securities).
11. In no event will the business broker accept any equity securities as compensation if the sale results in the sale of the equity in the business (a securities transaction).
12. The business broker will always advise potential buyers that the business broker does not and will not verify the information given to the business broker about the business.
13. The business broker will also advise potential buyers that the business broker does not make any representation about the accuracy of the information provided regarding any aspect of the business.

14. The business sold will not be a "shell" entity.
15. The business broker will not handle the transfer of funds from a buyer to a seller, but may accept earnest money from a buyer for deposit with a third party escrow agent.
16. The business broker will always be subject to the anti-fraud provisions of all securities acts of the United States.
17. The size of the entity being sold would not matter as long as the sale was from an owner operator to an owner operator or to a "Qualified Investor" as that term is defined in the Securities Acts.