

# *Arabian American Development Company*

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Securities and Exchange Commission

Subject: File No. 1-33926  
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## How the Antiquated U.S. Systems of Holding Shares Negatively Impacts our Company

Our total shares outstanding as of Apr 21 were 23,750,000. Of our total shares outstanding, 14,937,000 are held in electronic custody by Cede & Co. (DTCC) and 8,813,000 shares are held in certificate form (including presumably some of which are held through direct registration - DRS). Of our shares held in certificate form, 7,390,000 - or 84% - are held by foreigners and only 1,774,000 or 24% of these generally return their proxy.

Thus, with so little response from our certificate holders, we are dependent to a large extent upon votes from those held in electronic custody – “street name” / “banks and brokers” category - in order to attain a quorum for our annual meeting of shareholders each year. This year – a typical example – we did not attain a quorum until one day prior to our annual meeting.

Further, some of these foreign shareholders from time to time misplace or permanently lose their certificates. The cost of lost securities insurance is significant, and the ministerial process for replacement of lost securities internationally is daunting. From time to time when the question arises, we consider suggesting that these shareholders shift to street name but find it difficult to suggest a system which is so opaque.

We have a major shareholder who holds most of his shares in custody with BNYMellon, a major mutual fund which holds its shares through State Street Bank; also an informal investor group which holds most of their shares through RBC Capital. These three custodians represent shares totaling 6,800,000 or 46% of our shares held in street name. The other 54% of our electronically held shares – over 8 million shares – is largely a “black hole” for us in terms of knowing the identity of our shareholders. Shouldn't an issuer have a right to know the identity of its shareholders?

Our fourth largest custodial holder is Brown Bros Harriman, although in 2010, this position mysteriously changed to Pictet & Cie of Geneva. An

inquiry with Pictet yielded a response that they have never heard of our Company and they claim not to represent any beneficial owner for this company.

Our next 10 largest 'holders' are recognizable institutions, holding custody for over 5 million of our shares: Schwab, Citigroup, TDAmeritrade, Fidelity, Bear Stearns, Scottrade, Northern Trust, Pension Financial Services, Pershing, and E\*Trade. However, with a few exceptions, we have very little idea of the identity of our underlying beneficial owners. One of the more compelling reasons to know the identity of our shareholders is so that we can readily remind our shareholders of the importance of submitting a proxy at the time of the annual meeting.

This ongoing ignorance as to the identity of our shareholders is not only appalling for proxy purposes but also presents another issue. In our 10K filing, to err on the side of caution, we continue to claim two large shareholders, although we have no continuing evidence either way - that either one is still a shareholder – or not a shareholder; together they represent 12.3% of shares outstanding.

The problem appears to lie in allowing shareholders to object to being named beneficial owner in the Broadridge "Notice of Beneficial Owner" or NOBO report. All shareholders should be named in the report and an objection should no longer be allowed.

Several decades ago, when all shares were represented by certificates, all shareholders could be readily identified. Why should it be any different now that we have electronic custody? Should anonymity be granted solely because the national stock ownership system has been upgraded and automated?

Besides the issue of allowing beneficial owners to object to having their names included in the report, the report itself, besides being incomplete, is difficult to track. Shareholders are listed in order of number of shares, not by custody holder, thus not reconcilable by custodial institution. Further, it appears to be very poorly formatted with a tangled jumble of names and addresses.

If confidentiality is deemed important, issuers could limit access to shareholder records to say the CFO, corporate secretary and/or the top three executives. Further, such information could be considered in a category similar to insider information, i.e. not for public dissemination.

If in fact under unusual circumstances there exists a good reason to allow a shareholder to not disclose their identity to the issuer, it should be a rare occurrence and should require an involved filing procedure, so that it is not easy to withhold one's identity. Even under such unusual circumstances, if a

beneficial owner is given special permission to hide his identity, the investor should at least be required to include basic information such as (1) individual vs institutional (2) domestic vs foreigner (3) pure custodial function vs holding by an organized investment / mutual fund.

We hope you seriously consider changes to the system.

Thank you,

Connie Cook  
Chief Accounting Officer