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JAMES E. MITCHELL, GENERAL PARTNER

October 11, 2019

The Honorable Hester M. Peirce
Commissioner
Securities and Exchange Commission
100 F. Street, NE
Washington, D.C. 20549

Release No. 34-87115; File No. S7-14-19,
and interaction with existing File No. SR-DTC-2008-08

Dear Commissioner Peirce:

Many of the securities potentially affected by Exchange Act Release No. 34-87115 are issued by small companies that act as their own transfer agent. If a rule is adopted pursuant to the Release which causes all market makers in a security to disappear, the issuer may remain in business, but shareholders whose shares are in street name may suffer a total loss.

THE PROBLEM

Minority shareholders typically have no voice in determining whether a company hires an independent transfer agent. If a company acts as its own transfer agent, File No. SR-DTC-2008-08 prevents any shareholder whose shares are in street name from withdrawing those shares from Depository Trust Company (DTC).

If market makers disappear as a result of the proposed rule (so there is no trading market) and the shareholder cannot get his shares from DTC, the shareholder suffers a total loss even if the company's business continues to prosper.

THE SOLUTION

File No. SR-DTC-2008-08 should be repealed or amended. The simplest amendment which would protect both DTC and minority shareholders, is to create an exception for escrows in which (1) any licensed transfer agent may act as escrow holder and (2) someone other than DTC has agreed to pay the escrow holders fees. DTC would not be allowed to defeat this exception by charging more than a very nominal fee (such as \$20.00) to comply.

AN EXAMPLE

Caribbean Marine Inc. acts as its own transfer agent. DTC is holding a paper certificate representing two shares of Caribbean Marine Inc., only one of which is ours. We have offered to hold DTC and our broker harmless if DTC would send their certificate to the Company to be divided into two one share certificates (so we could take our share out of DTC). DTC does not respond.

If the rule exception is adopted, it would work like a real estate transaction in which the escrow holds the deed. We would find a transfer agent willing to handle a single transaction in Caribbean Marine shares. The transfer agent would ask DTC to deposit their two-share certificate for up to 75 days and would ask the Company to prepare two one share certificates to be exchanged. If the Company doesn't comply, DTC's original certificate would be returned. If the company prepares two new certificates, the exchange would take place.

CONCLUSION

We remain opposed to Exchange Act Release No. 34-87115 for a variety of reasons covered in a prior letter. However, if any rule is adopted, the potential losses to minority shareholders should not be compounded as a result of File No. SR-DTC-2008-08.

Respectfully submitted,



James E. Mitchell
General Partner

cc:

Chairman Jay Clayton
Commissioner Robert L. Jackson Jr.
Commissioner Elad L. Roisman
Commissioner Allison H. Lee