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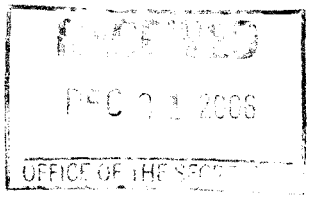

December 19, 2006

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F. Street, N.E.
Washington, D.C. 20549-1090

Re: File S7-18-06; Release No. 33-8754 (November 16, 2006)

Dear Ms. Morris:

We are submitting this letter in response to a request for comments by the Securities and Exchange Commission (the "Commission") in Release No. 33-8754, Proposed Rule: Covered Securities Pursuant to Section 18 of the Securities Act of 1933. The proposal would amend Rule 146 promulgated pursuant to the Securities Act of 1933 (the "Securities Act"), such that securities listed on the Nasdaq National Capital Market (the "NCM") would be considered "covered securities" for purposes of Section 18 of the Securities Act.

We regularly act as corporate and securities counsel for companies with securities listed on the NCM. As such, we are well aware of the "blue sky" issues facing these companies when they elect to raise additional capital by selling their securities to the public. We believe the proposed rule would provide welcome relief to issuers with securities listed on the NCM, therefore we emphatically support adoption of the proposed amendment to Rule 146.

With few exceptions, our clients who list on the NCM and who elect to raise additional capital by selling securities to the public must register those securities with the Commission. The disclosure required by the Commission's registration statements provide ample material information to prospective investors. Further, the initial and continuing listing standards of the NCM ensure that a listed company continues to provide material information to the investing public. However, when our clients are required to register their securities in individual states, the comments we receive regarding our client's registration statements from the various state securities administrators oftentimes are in direct conflict with those received from the Commission or other securities administrators. Complying with each state separately is difficult, if not impossible. Moreover, the types of revisions requested generally have little to do with ensuring that material information is fully disclosed to prospective investors and more to do with ancillary regulatory matters. Ensuring securities compliance across jurisdictions, therefore, is costly. More critical than the cost of complying with various securities regimes is the opportunity cost of waiting for approval from each securities regulator with jurisdiction over a

particular offering. The time spent waiting to receive all approvals tends to last at least a month or more.

For the above reasons, we are strongly in favor of the proposed rule amendment. We would like to address, however, one flaw that we see in the rule as it stands today and which is being perpetuated in the proposed rule amendment. Subsection (b)(2) of amended Rule 146 states that "[t]he designation of securities in paragraphs (b)(1)(i) through (v) of this section as covered securities is conditioned on such exchanges' listing standards (or segments or tiers thereof) continuing to be substantially similar to those of the NYSE, Amex, or Nasdaq/NGM." Who determines whether an exchange's listing standards continue to be "substantially similar" to those of the NYSE, Amex or Nasdaq/NGM (the "Named Markets")? Presumably, the Commission would make this determination. In practice, however, we feel this language will be exploited by state securities administrators.

If a listing standard is altered by the NCM or any of the Named Markets, state securities administrators eager to reclaim jurisdiction over securities markets in their states will argue that the listing standards of the NCM are no longer "substantially similar" to those of the Named Markets and therefore the securities listed on the NCM are no longer covered securities that preempt state securities acts. If, and when, state securities administrators take that stance, our clients will be left with two choices – agree with the administrator and register their securities in that state or oppose the administrator's interpretation. If our clients choose to register their securities in this case, it establishes a poor precedent that will be used to bolster this interpretation of Rule 146. If our clients choose to oppose a securities administrator in this case, a lawsuit would be inevitable. Most of our clients, and most issuers in general we surmise, would not want to waste resources to litigate this matter given the potential litigation costs. State securities administrators, aware of the tough choice (or lack thereof) facing issuers, will be inclined to advance their interpretation of Rule 146.

Therefore, we would propose inserting into subsection (b)(2) of amended Rule 146 the following language at the end of that sentence: ", as determined by the Commission." We feel this indicates clearly that only the Commission has the authority to make this determination. Unless and until the Commission has provided interpretive guidance indicating that a particular exchange listed in Rule 146 is no longer "substantially similar" to that of the Named Markets, state securities administrators will not be free to make that determination on their own. This revision to Rule 146, along with the amendments proposed by the Commission, will not only ensure uniform treatment of issuers listing their securities on the NCM, but will also provide reasonable assurance to such issuers that the status of their securities as covered securities will not be open to interpretation by state regulators.

Thank you for your consideration of this important matter.

Very truly yours,

GAETA & EVESON, P.A.

Phillip B. Kennedy, Esq.