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Ms. Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission
Division of Corporation Finance
100 F Street N.E.
Washington, D.C. 20549-1090

Re: File No. S7-33-10, Release No. 34-63237 Proposed Rules for Implementing the Whistleblower Provisions of Section 21F of the Securities Exchange Act of 1934 (the "Release")

Dear Ms. Murphy:

We are writing this letter in response to the Commission's request for comments on the rules proposed in the Release.

Requests for Comments Nos. 13, 18 and 19

The Commission states that it "...does not intend for its rules to undermine effective company processes for receiving reports on potential violations...." We think the proposed rules will undermine and circumvent a company's internal controls. The way the proposed rules are written, a whistleblower has no real incentive to report alleged violations to a company in accordance with its internal compliance programs.

Under the proposed rules, a whistleblower does not have to report alleged violations to the company. Instead, the whistleblower can simply report the alleged violations directly to the Commission. True, a whistleblower can preserve his or her rights by reporting such information to

the Commission within 90 days of providing it to the company's compliance personnel, but we think that very few individuals will do that. To do so would simply slow down the time it would take for monetary consideration to be received by the employee. In addition, who would risk not receiving an award by the Commission because someone else first reported the alleged violations or the company otherwise resolved the matter without the need for a Commission enforcement action?

In our view, the only way to preserve and encourage the use of the very strong internal compliance programs that public companies have developed over the last two decades is to require whistleblowers, as a condition precedent to receiving awards under the rules, to (i) first report any alleged violations to the company under such programs, and (ii) give the company a minimum of 180 days to investigate and potentially resolve the matter before reporting it to the Commission.

We note that one of the Commission's concerns with this approach is its belief that some public companies "...lack established procedures and protections." We are unaware of a single public company that does not have some form of Code of Ethics and appropriate procedures for reporting violations of law to internal compliance officers. However, the Commission's concerns can be addressed by an exception to the rule which provides that a whistleblower may immediately provide information to the Commission if a company does not have an effective internal compliance program. We believe the Commission can provide guidance to whistleblowers in the notes to the proposed rules on what constitutes an effective internal compliance program (e.g. written and clearly communicated policies and procedures, whistleblower hotlines, oversight by the Board or appropriate Committee of the Board, etc.)

We are also concerned that, under the proposed rules, an employee who either receives or learns of information, (i) because he or she is reasonably expected to take appropriate steps to respond to a violation due to his or her legal, compliance, audit or supervisory responsibilities, or (ii) through company's compliance program, may be eligible for an award if (a) the company does not disclose the violation to the Commission within a "reasonable period of time," or (b) acts in "bad faith." For the following reasons, we think these proposed rules could also undermine effective internal compliance programs.

First, there may be circumstances where the company can remedy the alleged violation without disclosure to the Commission (e.g. filing an amended Exchange Act report with new or additional disclosure). The rule should be broadened to encompass such circumstances. Second, the phrase "reasonable period of time" is too vague. Reasonableness is in the eye of the beholder and an effective internal investigation cannot be administered if a member of the investigative team unilaterally determines the company has not moved quickly enough. We think a fixed period of 180 days should be added to the rule. We believe that 180 days is generally enough time to complete most internal investigations and would encourage the utilization of the investigative process.

Third, we think a definition of "bad faith" should be added to the rule to provide guidance for both companies and whistleblowers. Again, bad faith, like reasonableness, is a very subjective standard. The examples listed on page 26 of the proposed rule could be added as a non-exhaustive list.

Finally, as a condition precedent to receiving an award, we think that an employee who has learned of information through his or her involvement in a company's internal investigative process, should be required to notify the Board of Directors, or the appropriate oversight Committee of the Board, that he or she is going to disclose information to the Commission under the rules. All internal compliance programs provide that either the Board or a Committee of the Board has ultimate responsibility for the administration and operation of the program. We think that it is imperative that the Board or applicable Committee should be notified by any employee involved in the investigative process that the program is being undermined. We are confident that any Board or Committee receiving such information will move quickly to rectify the situation without the need for disclosure to the Commission by the whistleblower.

We think that the approaches outlined above would be the best way for the Commission to ensure compliance with the federal securities laws without undermining the purposes of Section 21F or the internal compliance programs of public companies.

Requests for Comments Nos. 28, 38 and 39

We strongly believe that the role and culpability of a whistleblower in unlawful conduct should be considered in determining whether the $1,000,000 threshold has been met. In addition we believe that a whistleblower should not receive any award if they (i) either participated in or directly or indirectly benefited from the unlawful conduct, or (ii) knew of the conduct for an extended period of time (greater than 180 days) and allowed it to continue without either reporting the conduct through the appropriate channels in the company or to the Commission.

Requests for Comments Nos. 42 and 43

We believe it is very important for the Commission to promulgate rules interpreting and implementing the anti-retaliation provisions of Section 21(h) of the Exchange Act. In particular, we have three concerns.

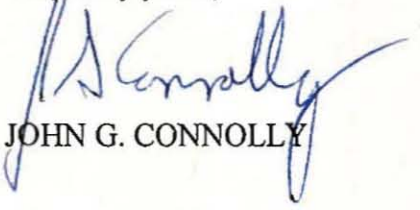
First, the anti-retaliation provisions should not prevent a company from taking legitimate actions against an employee who violates company policies and procedures or is a poor performer. Unless the Commission issues regulations to protect a company in taking legitimate employment actions against employees, companies will be impeded in their ability to effectively manage their workplaces.

Second, the anti-retaliation provisions should not protect individuals who submit false, misleading or fraudulent whistleblower submissions to the Commission. The regulations should provide that any such individual should not be safe from discipline or termination of their employment.

Third, the anti-retaliation provisions should permit a company to take disciplinary actions against employees who have knowledge of a violation but fail to report it under the company's internal compliance programs. This protection is a crucial component in the enforcement of a company's compliance program.

We thank the Commission for the opportunity to comment on the Release and respectfully ask the Commission consider the above comments.

Very truly yours,



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