



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

July 11, 2011

Christian J. Mixter, Esquire
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Ave., NW
Washington, DC 20004-2541

Re: In the Matter of Janney Montgomery Scott LLC
Release No. 34-64855 – Waiver Request under Regulation A and Rule 505 of Regulation D

Dear Mr. Mixter:

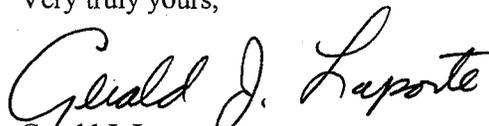
This responds to your letter dated today, written on behalf of Janney Montgomery Scott LLC (“Janney”), and constituting an application for relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933. You requested relief from disqualifications from exemptions available under Regulation A and Rule 505 that may have arisen by virtue of entry of an order today by the Securities and Exchange Commission in In the Matter of Janney Montgomery Scott LLC, Release No. 34-64855, against Janney (the “Order”), under Section 15(b) of the Securities Exchange Act of 1934 for alleged violations of the provisions of Section 15(g) of that statute requiring broker-dealers to establish and enforce procedures to prevent the misuse of material non-public information.

The Order, among other things, requires Janney to comply with its own undertakings set forth in the Order. The Order also requires Janney to pay a civil money penalty of \$850,000. Application of these remedies could be interpreted to result in disqualification under Rule 262 and Rule 505.

For purposes of this letter, we have assumed as facts the representations set forth in your letter and the findings supporting entry of the Order. We also have assumed that Janney will comply with the Order.

On the basis of your letter, I have determined that you have made showings of good cause under Rule 262 and Rule 505 that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 by reason of entry of the Order against Janney. Accordingly, pursuant to delegated authority, on behalf of the Division of Corporation Finance, and without necessarily agreeing that any such disqualification arose by virtue of entry of the Order against Janney, relief is granted from any disqualification from exemptions otherwise available under Regulation A and Rule 505 that may have arisen as a result of entry of the Order against Janney.

Very truly yours,


Gerald J. Laporte
Chief, Office of Small Business Policy

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July 11, 2011

VIA E-MAIL AND HAND DELIVERY

Gerald J. Laporte, Esquire
Chief, Office of Small Business Policy
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0310

Re: In the Matter of Janney Montgomery Scott LLC

Dear Mr. Laporte:

We submit this letter on behalf of our client Janney Montgomery Scott LLC (“Janney”), which is settling the above-referenced proceeding by the Securities and Exchange Commission (“Commission”) requiring Janney to cease and desist from any violations and any future violations of Section 15(g) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78o(g).

Janney requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D, promulgated under the Securities Act of 1933 (“Securities Act”), waivers of any disqualifications from exemptions under Regulation A and Rule 505 of Regulation D that may be applicable to Janney or any of its affiliates as a result of the entry of the Order described below. Janney requests that these waivers be granted by the Commission effective upon the entry of the Order. It is our understanding that the Staff of the Division of Enforcement (the “Staff”) does not object to the grant of the requested waivers.

BACKGROUND

The Staff engaged in settlement discussions with Janney in connection with the investigation described above. Janney submitted an executed Offer of Settlement (“Offer”), solely for the purpose of proceedings by or on behalf of the Commission, which consented to the entry of the Order.

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Under the Order entered under Sections 15(b) and 21C of the Exchange Act, Janney will cease and desist from committing or causing any violations and any future violations of Section 15(g) of the Exchange Act, 15 U.S.C. § 78o(g). The Commission's Order finds, without admission or denial by Janney, that from at least January 2005, Janney, a dually-registered broker-dealer and investment adviser, failed to adequately establish, maintain and enforce policies and procedures reasonably designed, taking into account the nature of its business, to prevent the misuse of material, nonpublic information. The Order further finds that in September 2005, Janney distributed separate written policies and procedures for its Equity Capital Markets ("ECM") division, which oversaw its equity sales, trading, syndicate and research. Those policies and procedures, known as the ECM Compliance and Supervisory Manual ("ECM Manual"), also governed Janney's Investment Banking group, which is part of the Capital Markets division. As late as July 2009, parts of the ECM Manual, as posted for the use of Janney's employees, were incomplete. The Order also finds that Janney's implementation and enforcement of its written policies and procedures to prevent the misuse of material, nonpublic information was deficient. Further, the Order finds that the ECM division's written policies and procedures addressing additional compliance areas were not being fully followed, enforced or maintained. The Order requires Janney to cease and desist from committing or causing any violations and any future violations of Section 15(g) of the Exchange Act, censures Janney, requires it to comply with the undertakings specified in the Order, and provides that Janney will pay a civil monetary penalty in the amount of \$850,000 pursuant to Section 21(d)(3) of the Exchange Act.

The undertakings require, among other things, that Janney retain, at its expense and within sixty (60) days of the issuance of the Order, a qualified independent consultant (the "Consultant") not unacceptable to the Staff, to conduct a comprehensive review of Janney's policies, practices and procedures to ensure compliance with the federal securities laws, including the prevention of the misuse of material, nonpublic information as required, for Janney, by Section 15(g) of the Exchange Act, taking into consideration the nature of Janney's ECM business. The Consultant will also prepare written reports reviewing the adequacy of Janney's policies, practices and procedures and make recommendations regarding how Janney should modify or supplement its policies and procedures. Janney will provide a copy of the engagement letter detailing the Consultant's responsibilities to the Commission Staff and require the Consultant to report to the Commission Staff on a periodic basis detailing its progress with respect to these undertakings. Finally, Janney agrees to certify in writing to the Commission Staff at the end of the calendar year ended December 31, 2012, that Janney has established and continues to maintain policies, practices and procedures pursuant to Section 15(g) of the Exchange Act that are consistent with the findings of the Order.

DISCUSSION

Janney understands the entry of the Order may disqualify it, affiliated entities, and other issuers from participating in certain offerings otherwise exempt under Regulation A and Rule 505 of Regulation D, promulgated under the Securities Act, insofar as the Order causes Janney to be "subject to an order of the Commission entered pursuant to section 15(b) . . . of the Exchange

Act” See 17 C.F.R. §§ 230.262(b)(3). The Commission has the authority to waive the Regulation A and Rule 505 of Regulation D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances. See 17 C.F.R. §§ 230.262 and 230.505(b)(2)(iii)(C).

For the following reasons, Janney requests that the Commission waive any disqualifying effects that the Order may have on Janney, or any of its affiliates, under Regulation A and Rule 505 of Regulation D.

1. Janney’s conduct to be addressed in the Order does not relate to offerings under Regulations A or D.
2. The disqualification of Janney, any of its issuer affiliates, or third-party issuers with which it is associated from the exemptions available under Regulations A and D, we believe, would have an adverse impact on third parties that may wish to retain Janney and its affiliates in connection with transactions that rely on these exemptions by restricting those third parties’ choices in the marketplace.
3. Making the exemptions under Regulations A and D unavailable to Janney by reason of the Order would be unduly and disproportionately severe, we believe, because under the Order: (a) Janney will be required to cease and desist from further violations of the securities laws; (b) Janney has agreed to substantial undertakings, including retaining, at its expense and within sixty (60) days of the issuance of the Order, a qualified independent consultant (the “Consultant”), not unacceptable to the Staff, to conduct a comprehensive review of Janney’s policies, practices and procedures to ensure compliance with the federal securities laws, including the prevention of the misuse of material, nonpublic information; and (c) Janney will pay a civil monetary penalty in the amount of \$850,000 pursuant to Section 21(d)(3) of the Exchange Act. As noted above, it is our understanding that the Staff does not object to the grant of the requested waivers.¹
4. Janney voluntarily cooperated with the Division of Enforcement’s investigation by producing documents, information, and witnesses at the Enforcement Staff’s request without subpoena. Further, Janney agreed to settle rather than litigate Commission’s Enforcement case.

In light of the foregoing, we believe that disqualification is not necessary, in the public interest, or protective of investors, and that Janney has shown good cause that relief should be granted.

¹ We note that the Commission has granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D in other matters involving broker-dealer’s policies and procedures to prevent the misuse of material nonpublic information. See, e.g., *Evergreen Investment Management Company, LLC and Evergreen Investment Services, Inc.*, SEC No-Action Letter (pub. avail. June 8, 2009); *Merrill Lynch Pierce, Fenner & Smith Incorporated*, SEC No-Action Letter (pub. avail. Mar. 11, 2009).

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Accordingly, we respectfully urge that the Commission, or an individual Commission employee pursuant to appropriate delegated authority, waive the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent that they may be applicable to Janney and any of its affiliates as a result of the entry of the Order.

Please do not hesitate to contact the undersigned at 202.739.5575, if you have any questions regarding this request.

Very truly yours,


Christian J. Mixter 

cc: John Ivan, Esquire, Janney
Johanna Losert, SEC