

MOORS & CABOT, INC.

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MEMBERS
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NEW YORK STOCK EXCHANGE, INC.

March 23, 2005

Office of the General Counsel
U.S. Securities & Exchange Commission
450 Fifth St., NW
Washington, D.C. 20549

Office of Chief Counsel
MAR 29 2005
Division of Market Regulation

To Whom It May Concern:

Our branch office is currently seeking guidance regarding the way we are paid from our broker/dealer. The way we've always been paid has been deemed improper by the NASD's Boston office examiners. Our hope is that your office will give us clarity going forward. Let's begin with a synopsis of the current situation.

We currently own and operate the Sarasota and Englewood Florida offices of Moors & Cabot, Inc. – a member of the NYSE, BSE, and NASD. Our offices consist of ten registered representatives and we have trained most of them from the beginning of their careers.

We are treated by our broker/dealer as independent contractors and are paid by one check (gross commissions for both branches) payable to Marc Wolff – a licensed branch manager and representative of our offices. Upon receipt of the office commission check it is deposited into the corporate account titled "Wolff Juall Investments, LLC". Once the funds are deposited in "Wolff Juall Investments" we pay our registered representatives (we keep a percentage of their commissions) and support staff. We are able to pay our bills and pay ourselves once this process is completed.

Due to a recent routine audit of our broker/dealer headquarters in Boston we were told that our paychecks now had to be paid to each registered representative separately. Therefore, each registered representative would now be receiving the entire amount of their commissions earned and then have to pay us back their checks so we can deposit the money in Wolff Juall Investments, LLC and go through our normal process. We understand the reasoning for this decision to be based upon NASD conduct rule 2420, which essentially says that commissions can only be paid to a registered representative or other member of the NASD.

We believe this to be a gray area since the commissions are being paid to a registered representative initially and ultimately. Rule 2420 doesn't seem to address our particular situation – one that is not unusual for broker/dealers across the country. In fact, we know

of other firms – some smaller than Moors & Cabot, Inc. and some much larger who pay their independent contractors the same way we used to get paid without incident or confusion.

So if I could for a moment let me go through the logistics of the new payroll system in order to satisfy the above requirements:

Example 1: One of our brokers receives a \$10,000 check from Moors & Cabot directly on the 22nd of the month. He then deposits it in his personal bank account. Then, once the check clears (usually five business days), he writes a check made out to our corporation (Wolff Juall Investments, LLC) for that same exact amount...another 5 days hold. Then we need to process our payroll via ADP by the last day of the month, but the funds will not clear in time, even if everything goes perfect and everyone reacts quickly enough. On top of that, he gets paid probably around \$4,000 after his expenses and payout ratio, so he sees quite a bit less than the first check received. Add to that the 1099 issue (plus he gets a W-2 from us, which can result in double taxation) and it makes the situation very tough and confusing.

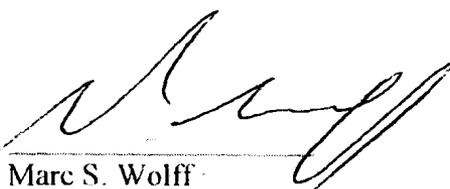
Example 2: We have to have our \$10/hour receptionists paid directly from our office too. They have to go through the same process of depositing the check, and then after it clears writing us the same check back. In addition, whereas they once had to file a form 1040 EZ...now, due to the 1099 they get from Moors & Cabot, they cannot file this tax form anymore, and may owe additional taxes.

All of our employees obviously rely on the timely payment of their earnings each month. The way we are now instructed to pay creates major issues regarding tax reporting, health insurance, timeliness of payment, retirement plan issues, and timely payment of the office's monthly operating expenses.

In conclusion, we hope that your office will issue a no action letter clarifying our future position.

Sincerely,


Christopher J. Juall


Marc S. Wolff