



DIVISION OF
MARKET REGULATION

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

June 16, 2005

Ms. Susan DeMando
Associate Vice President
Financial Operations
NASD Regulation, Inc.
1735 K Street, NW
Washington, DC 20006

Dear Ms. DeMando:

You have represented to us that certain broker-dealers (the "Firms") are seeking no-action relief from the net capital rule, Rule 15c3-1¹ to the Securities Exchange Act of 1934 (the "Act"), with respect to specified trades in the common stock (the "Security") of Gluv Corp. ("Gluv").²

We understand the relevant facts to be as follows: Gluv issued a press release on May 22, 2005 stating that its board of directors voted that each shareholder with shares of Gluv on May 13, 2005 was entitled to a dividend payable in common shares of Gluv in a ratio of three million shares for every one common share held on that date. At that time, we understand that there were 11 shares outstanding, only one of which was tradable freely. Gluv's press release further stated that three million shares of its common stock were issued prior to the dividend payment date and that it appeared that an unknown number of those shares had been improperly traded in the marketplace. The NASD issued a Special Notice to Members stating that members should exercise great caution when executing trades in Gluv until such time as members can be assured that the shares in circulation were part of a bona fide issuance.³

On May 27, 2005, the Commission temporarily suspended trading in the Security under Section 12(k) of the Act.⁴ The Commission issued this suspension because of questions surrounding the accuracy and adequacy of publicly disseminated information concerning, among other things, the total shares outstanding, the availability of non-restricted shares for trading and delivery, the company's shareholders, and rights with respect to shares of Gluv. The suspension terminated on June 10, 2005.

¹ 17 CFR 240.15c3-1.

² We understand that Gluv has changed its name to Media Magic, Inc., but we have not received formal confirmation of this change.

³ Notice 04-41, June 2005.

⁴ Release No. 34-51750 (May 27, 2005).

Ms. Susan DeMando

June 16, 2005

Page 2

The Firms are concerned about the potential impact of net capital charges under Rule 15c3-1 related to transactions in the Security. Specifically, the Firms may be subject to failed to deliver, failed to receive, and short position net capital charges.

Based on the foregoing, the Division of Market Regulation will not recommend enforcement action to the Commission if a Firm does not take charges to its net capital arising from transactions in the Security that the Firm entered into before the Trading Halt. Each Firm, however, must take all applicable net capital charges for transactions in the Security entered into after the Trading Halt terminated. Any Firm that wishes to take advantage of this relief first must alert the staff of the NASD and explain the facts and circumstances surrounding its need for the relief that this letter provides.

This position is based solely on the foregoing description. Factual variations could warrant a different response, and any material change in the facts must be brought to the Division's attention. This position may be withdrawn or modified if the staff determines that such action is necessary for the protection of investors, in the public interest, or otherwise in furtherance of the securities laws.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom McGowan", with a long horizontal flourish extending to the right.

Thomas K. McGowan
Assistant Director