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# HSE

HUTCHINSON, SHOCKEY, ERLEY & CO.

Established 1857

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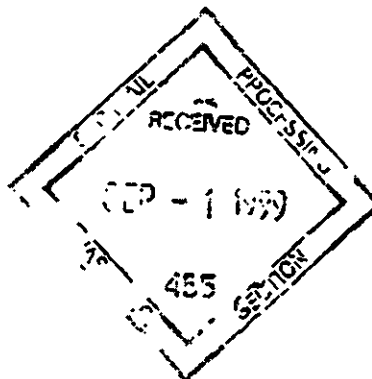
SECURITIES AND EXCHANGE COMMISSION

RECEIVED

SEP 01 1999

August 31, 1999

Division of Market Regulation **DIVISION OF MARKET REGULATION**  
U.S. Securities and Exchange Commission  
450 Fifth St, NW  
Washington, DC 20549-1002  
Attention: Y2K Compliance



Dear Sirs,

We are hereby giving notice pursuant to rule 15b7-3T(c), and certification pursuant to rule 15b7-3t(e) that Hutchinson, Shockey, Erley & Co. is still in the process of implementing its planned remedies for Year 2000 problems.

As of today's date all mission critical systems have been identified and certified Y2K compliant with one exception. On August 1, 1999, HSE terminated its contract with M. Joseph Schaller to deliver a clearing and general ledger system because of nonperformance and poor response. HSE immediately implemented its contingency plan, and currently has a contract for installation of a software program with United Data Systems. This program has been certified Y2K compliant by its vendor, and has been tested for electronic interface with all necessary agencies (DTC, NSCC, and MSRB). Installation of this system will be completed by September 17, 1999, and we expect to have all testing done by October 1, 1999.

Accordingly, as called for in rule 15b7-3T(e):

1. We are in the process of remediating our Year 2000 Problem by replacing a non compliant clearing and back office accounting system with one that we have been advised is compliant – specifically the United Data System.
2. Testing of the new system will take place in the period September 18 to October 1, 1999.
3. We anticipate that we will complete remediation of these problems and be operationally capable on October 1, 1999.
4. Based upon inquiries and to the best of our knowledge, I do not anticipate the existence of a material Year 2000 Problem in our mission critical systems which will impair our ability to ensure prompt and accurate processing of securities transactions, including order entry, execution, comparison, allocation, clearance and settlement of securities transactions, the maintenance of customer accounts, or the delivery of funds and securities; and that in any case, our Year 2000 Problems will be remedied on or before November 15, 1999.

Yours truly,

Richard Funke  
President

Cc: NASD - Washington Office