



Investrend Research Syndicate

FINANCIAL INTELLIGENCE / Div., Investrend Communications, Inc.

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November 18, 2005

Susan Matthews, Esq.
U.S. Securities & Exchange Commission
100 F Street, NE
Washington, DC 20549

**RE: Investrend Research
Investrend Research Syndicate
FIRST Research Consortium
Shareholders Research Alliance**

Dear Ms. Matthews:

Thank you very much for the invitation to submit follow-up information to you. We were very pleased to read press reports that your recent Guidance references the procedures and systems employed by the Shareholders Research Alliance, founded by Investrend Research, and the above entities, and via this letter we hope to provide you with the information you requested that will help to validate that consideration.

You had asked that I provide you with a detailed explanation and historical overview of our analytical platforms, their procedures and practices, and how each entity relates to each other.

In short, Investrend Communications, Inc., through its research, publication and distribution channels and related entities, has been facilitating sponsored research as a neutral, agnostic intermediary for the past decade. It was the first to do so, and developed the systems, conflictual barriers, procedures, disclaimers and methodologies that have since been widely copied, although usually only in part, and often without all of the safeguards and standards originally established and practiced by Investrend, and that form the pioneering basis for the recently established but not yet practicing providers you have recently considered and included in your Guidance.

The facilitation and distribution is operative via more than 75 contract analysts and via more than a dozen pre-qualified, Standards-adopting independent research providers, representing a sizeable proportion of the existing independent research provider community, and representing 100% of those practicing under the three-year-old “Standards For Independent Research Providers,” which is clearly significant to the protection of individual investors against conflict, bias and unprofessional conduct. Investrend Research is the largest sponsored analytics program in the world. Over 1,000 companies are currently listed in the agnostic platforms of Investrend, and the number of public companies that are actively followed at any one time are well over 100.

Despite the magnitude, it represents only a small fraction of the public companies whose shareholders should but do not yet benefit from access to professional analytics; and we applaud the emphasis that the SEC, at several levels, have recently made in the encouragement of a process that we refer to as shareholder empowerment.

The analytical entities and support programs associated with **Investrend Research** (<http://www.investrendresearch.com>) are the **Investrend Research Syndicate**, the **FIRST Research Consortium** (<http://www.firstresearchconsortium.com>) and the **Shareholders Research Alliance** (<http://www.shareholdersresearch.com>).

Simplified, the **Investrend Research Syndicate** is a proprietary distribution platform for sponsored research that meets “standards” criteria, and is investor-monitored. The **FIRST Research Consortium** is a peer-governed organization that has promulgated the critical “**Standards for Independent Research Providers**,” which after three years are now accepted as the ethical base for sponsored-research providers. The **Shareholders Research Alliance** is an investor-governed and elected non-profit organization that provides monitoring of independent research to determine that research is produced under guidelines and procedures that negate conflict, bias and overt promotional activities, as well as faithfully execute under the “Standards” and other industry guidelines.

Investrend Research

Investrend Research was birthed ten years ago to facilitate sponsored research for uncovered and under covered public companies listed on the NYSE, AMEX, NASDAQ, OTCBB AND OTC exchanges in the U.S., and TSX and TSX Venture in Canada.

Investrend Research policies and procedures have evolved incrementally but substantively, its structure, policies and procedures remain the same as when the platforms were introduced in 1996, several months after Investrend had birthed first as a forums platform provider in partnership with the New York Society of Securities Analysts.

The company’s policies and procedures were crafted during a period that its founder was consulting at the Thomson Corp., incorporating suggestions from the founders and executives of First Call, principally Mr. Bruce Fador, as well as those at the New York Society of Security Analysts, when it was observed that only a small percentage of public companies had any analyst coverage.

Initially, too, those procedures were exposed to a public comment period, both via written commentary as well as two public hearings, one of them webcast to the general public at large. The public is continuously invited to submit suggestions or comments in each of Investrend’s issued reports, and has been for the past ten years.

The underlying concept behind the procedures introduced in 1996 and that has survived going into 2006 is that analytics should be produced for the benefit of investors and shareholders, and not for the benefit of a public company. To accomplish that goal for research that is sponsored by a public company or by an interested party, Investrend introduced a series of concepts to the marketplace to reduce or eliminate conflict or bias:

1. Analysts are independent contractors, not employed by Investrend.

2. Analysts are pre-qualified, primarily by their attainment of levels of expertise established by the CFA Institute, or alternatively, a similar overseas program, or alternatively, by several years of experience providing analytics for a recognized Wall Street institution.
3. Public companies enroll in an agnostic research “platform,” and are not involved in the analyst selection process.
4. Analysts are paid by Investrend, which is paid by the company or a sponsor, and the analyst receives no funds from a company. The analyst is responsible for providing research under the agnostic procedures established by Investrend and are not responsible to the company in any way.
5. Analysts are paid by Investrend in advance of their initial reports to avoid any pecuniary interest in the outcome.
6. Regardless of the outcome of the report, if it is professionally produced, and on time, and the analyst engages in timely communication with their covered companies, the analyst remains on the queue for future assignments from Investrend.
7. Investrend does not ask to be involved in any of the communications between the analyst and the company, with the exception if a problem in communications arises, requiring further facilitation. Investrend does not suggest to any analyst a specific rating or target evaluation.
8. Definitions of ratings are available to the public and to the analysts. No rating is to be issued that is labeled a recommendation. No analyst may recommend the purchase or the sale of any equity.
9. Analysts do not issue target prices. Target valuations are not to be predictors of a stock price, a practice that is somewhat at odds with the research provider community, which often measures analysts by “performance metrics.” Investrend believes this practice to be conflictual. Instead, Investrend-contracted analysts are asked to professionally arrive at an expected fair value of the company six, 12, 18 months out, and then to divide that by the number of shares calculated or reasonably expected to be outstanding on that future date. That number, no matter what it is, is the target valuation.
10. Neither the analyst nor Investrend nor the principals of Investrend may hold a stake in the outcome of any report, meaning shares of covered companies may not be held or acquired during the coverage period.
11. Reports must be publicly-accessible and a link provided to the public for any summaries or announcements published and distributed via any means.
12. Full disclosures regarding compensation must accompany every communication.
13. Investrend does not engage in investment banking, investor relations or any promotional program for any public company. Each of its other divisions are similarly agnostic, providing only similarly neutral platforms for public companies to communicate with investors and shareholders. Investrend does not provide institutional research and does not provide any investment advice or opinions regarding companies enrolled in research or any other platform.
14. Most companies pay their sponsorship enrollments in advance. For those that ask for a payment plan, Investrend requires sufficient upfront payment to underwrite the costs of the initial report, which sets the tone for any continuous coverage. Investrend does not accept partial

payment for one-time reports. No enrollment fees may be paid subject to the publication of the analyst's findings. If a company fails to pay an agreed schedule, Investrend can not pay the analyst for Updates or ResearchNotes, meaning the non-payment results in the analyst no longer enjoying access to management, a violation of Investrend's standards. In such instances, if an analyst no longer has access for any reason, the company is Suspended and receives a "Suspended / 1" rating. This prevents a company from using non-payment as a tool to halt coverage. If Investrend or the analyst suspects the non-payment was deliberate to avoid a negative report, Investrend has and will continue to pay the analyst out-of-pocket to publish his or her findings, so the public will have all the facts regarding that event.

15. Once the analyst has completed his or her report, he or she signs that is his or her sole work product, sends it to the company with any and all ratings and target valuations extracted for errors and omissions review, and subsequently releases it to Investrend Research for publication and to the Investrend Research Syndicate for distribution.

The Enrollment Process

Uniquely, enrollments are accepted for upwards of six or more research platforms, serving the needs of shareholders in public companies of all stages of development or maturity, as well as responding to budgetary considerations of enrolling companies or third-party entities.

The **Wall Street** coverage platform is Investrend's most comprehensive, and is available for enrollment by mature companies with a history of earnings and revenues. Wall Street reports are upwards of 36 or more pages in length. **Institutional** coverage is also comprehensive, but the length is 12 or more pages. Both the Wall Street and Institutional coverages are "continuous," meaning a company must be enrolled for a minimum of 12 months and enrollments of upwards of three or more years are encouraged, with quarterly Updates and periodic ResearchNotes (as the analyst believes necessary). Both include professional financial modeling to achieve a target valuation, and a more subjective rating.

The **Benchmark** coverage platform is the same as the Institutional but absent financial modeling or a target valuation. It is for intermediately mature public companies, to assess business plans, establish milestones and chronicle the company's success or lack of success in achieving them.

There are also three levels of single reports, primarily for emerging public companies, often still in development stage, or those without sufficient resources to pay for a more comprehensive, continuous coverage program. None of these reports include target valuations or financial modeling since the analyst will be unable to assess the company's milestones over time. **Criterion**, at 8-plus pages, and **Focus**, at 6-plus pages, provide a rating, if the analyst believes one is justified. A smaller, introductory-level **Target** report, a snapshot of the company, is 4-plus pages in length.

Investrend Research also provides 2-page to 4-page "**Spotlight**" coverages for public companies that are part of a sector coverage program. These are assessments of the products or services in the specific sector and their possible impact on the company, rather than an analysis of the company itself. These are integrated into a longer, comprehensive sector analysis, which forms the basis for further investor information.

The Analyst Assignment/Selection Process

Upon the enrollment or impending enrollment of a public company, Investrend Research forwards a short description of the company and links to its financial information and website to

the provider's entire database of pre-qualified analysts, along with a request to respond if interested in coverage.

This is basically the same as an RFP to pre-qualified contractors. The analyst is asked to provide a short statement regarding his or her background and expertise in the company's business or sector.

The company is not privy to these communications. The process among the analysts is basically a self-assignment procedure, with only those interested and with knowledge of the company's industry responding. Analysts who own shares in the company or industry disqualify themselves.

When there are multiple analyst responses of interest, the selection criteria is based primarily on the level of background and expertise in the coverage sector, and secondarily, Investrend's long history of diversification of its coverages and findings to provide further public protection against any potential analyst bias that might accumulate if a single analyst is covering too many companies. If all other factors are equal, the analyst first in queue by virtue of having the least recent assignment would likely be assigned the coverage.

At no time during the analyst selection process are any of the analysts asked to state, suggest or hint at a view of the company, its prospects or likely rating or target. Investrend Research has no stake in a report outcome, and has no knowledge of the views of an analyst on any particular project. It would be illogical to assume that an analyst, absent his or her analysis, including modeling, if included, would hold a preconception of his or her potential rating.

In practice, the business of assignment is precisely that, a business, and all pre-qualified analysts are deemed to be equally qualified, and subject to Investrend's adopted standards and ethics, and the standards and ethics of their own peer affiliations.

Ratings

Investrend Research has established comprehensive descriptions of its analysts' ratings, and these descriptions are available to the public. These are common industry terms and numerical designations. They are never "recommendations" to buy or sell any equity.

STRONG BUY / 5

BUY / 4

SPECULATIVE BUY / 4

SPECULATIVE / 3

HOLD / 3

NEUTRAL / 3

NOT RATED / 3

FOCUS / 3

OVERVALUED / 2

AVOID / 1

SUSPENDED / 1

Note that these provide "graduating scales." For example a Buy is the equivalent of 4.5 to 4.9; Speculative Buy is equivalent of 4.0 to 4.4; Focus is equivalent of 3.0 to 3.1; Hold is equivalent of 3.2 to 3.3; Neutral is equivalent of 3.4 to 3.5; Hold is equivalent of 3.6 to 3.7; and Speculative is equivalent of 3.8 to 3.9. Suspended rating is administratively attached if issuer access for analyst is no longer available.

STRONG BUY / "5"

Company's stock price appears to be substantially undervalued relative to its future growth potential.

BUY / "4"

Shares appear to be undervalued in light of several factors.

***SPECULATIVE BUY / "4"**

Shares appear to offer potential gains though risk is considerably higher. Such a company may have "going concern" problems, or company's future prospects may hinge on critical assumptions, such as (but not limited to) the company's ability to compete effectively in the marketplace, achieve most or all of its stated business goals, maintain sufficient financial liquidity and resources (from daily cash flow to capital for expansion) and the avoidance of legal or other pitfalls. See the definition for "Speculative" below from our FAQs listed on our site.

***SPECULATIVE / "3"**

Shares have potential but there may be insufficient historical data or clear-cut prospects to warrant a "Buy," meaning the risk is greater. In addition, such a company may have "going concern" problems, or company's future prospects may hinge on critical assumptions, such as (but not limited to) the company's ability to compete effectively in the marketplace, achieve most or all of its stated business goals, maintain sufficient financial liquidity and resources (from daily cash flow to capital for expansion) and the avoidance of legal or other pitfalls. See the definition for "Speculative" below from our FAQs listed on our site.

HOLD / "3"

Shares appear to be fairly valued and while there is no incentive to add such shares, there is similarly no current known compelling factors that would warrant selling absent a subsequent trading drop in value.

NEUTRAL / "3"

Market appears to be fairly pricing shares currently, or there are events and/or factors on the horizon that may positively or negatively impact the rating.

NOT RATED / "3"

There is insufficient qualitative data available, or other factors which make it difficult at the time the report is issued for the assignment of a rating.

FOCUS / "3" / TARGET / "3"

Focus Reports and Target Reports, due to the lack of a financial model, will automatically receive "3" (Not Rated) ratings unless stated otherwise; although that is not necessarily an indication of the value of the company or lack thereof.

OVERVALUED / "2"

At present, shares appear to be overvalued.

AVOID / "1"

At present, shares appear to be significantly overvalued.

SUSPENDED / "1"

Company has been suspended due to inability or unwillingness to provide continued access to the company by the assigned analyst, a violation of AIMR's proposed Issuer Standards.

***What does "speculative" mean in a rating?**

Companies with meager or no historical data or that are development stage, are generally considered highly **SPECULATIVE**. Such companies may even have "going concern" problems and an analyst recommendation should be considered only as a part of a total investigative process by anyone considering purchase. A speculative buy opinion generally refers to future valuations only if the company is able to achieve most or all of its business goals and avoid most or all of the possible risks, including raising sufficient capital and effectively competing in its marketplace. Any and all recommendations regarding the advisability of acquiring or trading will generally refer to such "speculative" considerations.

Speculative equities, in general, are **never INVESTMENT grade**, and should be purchased only by sophisticated **TRADERS** with the time, knowledge, experience, real-time tools, knowledge of manipulative trading activities that may have no bearing whatsoever on such a company's perceived valuation, and who are experienced enough to profit from volume and liquidity. Such professional traders may buy, sell, buy again and resell such equities numerous times to achieve portfolio gains, and these acts themselves may devastate the holdings of an individual who "invests" not "trades" in such equities.

Investrend Affiliates

As an intermediary, Investrend Research also publishes and distributes the research and research summaries for a number of affiliated or associated research providers. Each of these providers have their own procedures independent of Investrend Research but are required to adopt and adhere to the "Standards for Independent Research Providers" promulgated by the FIRST Research Consortium at <http://www.firstresearchconsortium.com> and recognized by the Shareholders Research Alliance at <http://www.shareholdersresearch.com>.

Investrend Research's distribution subsidiary is the Investrend Research Syndicate.

Investrend Research Syndicate

During my recent testimony before the SEC Advisory Committee on Smaller Public Companies (see <http://www.sec.gov/info/smallbus/acspc.shtml>), whose participants expressed particular concerns about the sparseness of analyst coverage among public companies, and the resulting decline in market liquidity, the cornerstone of the SEC's mandate, there was significant sentiment for substantive advances in legitimate and responsible market visibility for covered companies.

The Investrend Research Syndicate, in response, has ramped up its visibility and distribution programs for standards based research providers. Sponsored research providers are required to adopt and adhere to the "Standards for Independent Research Providers."

Maximized distributions to retail, brokerage and institutional investors and traders is essential to creating and maintaining a liquid market for companies under coverage.

Investrend Research Syndicate Partners

The Investrend Research Syndicate is a unique service of Investrend Research committed to investor accessibility to analytics. It provides unparalleled global visibility and distributions for research and research-related platforms for the following:

Investrend Research, div., Investrend Communications, Inc., the oldest and largest fee-based independent provider, facilitating analytics of over 70 professional analysts.

Shareholders Research Alliance Member providers that are adopters of the “Standards for Independent Research Providers” (<http://www.firstresearchconsortium.com>).

Fee-based providers affiliated with Investrend Research Syndicate that are adopters of the “Standards for Independent Research Providers” (<http://www.firstresearchconsortium.com>).

Brokerages associated with Investrend Research Syndicate that are governed by the standards and ethics of their respective regulatory regimes and the added full-disclosure and transparency requirements of the Investrend Research Syndicate.

Subscription-based providers partnered with Investrend Research Syndicate that are governed by the standards and ethics of their respective organizations and the added full-disclosure and transparency requirements of the Investrend Research Syndicate.

Investrend Research Syndicate Standard Distributions

The Investrend Research Syndicate provides standard research distributions to the institutional and retail marketplaces via:

FinancialWire™, provider of daily market news articles on companies in the Investrend Research Syndicate distributions, is a global newswire distributed to hundreds of financial portals, brokerages, newspapers, corporate intranets and other media outlets via ComtexNews, M2 Presswire, FinancialContent, Lexis-Nexis, Factiva, Thomson NewsEdge, QuoteMedia, PCQuote, Knobias, FreeRealTime.com, Zacks, TrackData, and others, reaching millions of investors each market day. FinancialWire™ is published by Investrend Information.

BusinessWire, the leading worldwide disclosure-points press release distributor.

VEReports, the leading distributor to dozens of full-research repositories, such as Reuters-Multex and Yahoo Finance.

FirstAlert™, provider of daily electronic alerts to investors, a service of Investrend Information.

Investrend Research Syndicate Visibility Options

The Investrend Research Syndicate employs aggressive optional enhanced and extended research distribution and visibility via the following wide variety of platforms and partners. Oversight by the Shareholders Research Alliance can assure such platforms are agnostic and utilized in non-promotional campaigns.

Print

Optional packages for printed report summaries, both to retail and to targeted institutions, are available, including mailed distributions, email distributions, direct distributions to conference attendees, and requests. Database distributions are from 50,000 to 3 million.

Optional research distributions via advertisements and inserts in Equities Magazine, Buyside, Registered Representative, Research Magazine and similar targeted publications, as well as electronic distributions such as Knobias Clip Sheet are also available.

Broadcast

Analysts are available for conference calls or webcasts with management after significant reports and updates. These will be further archived at AnalystBroadcast at Investrend Broadcast.

Forums

Investrend Forums (<http://www.investrendforums.com>) partners with a large number of conference, exhibition and institutional road show providers, and will arrange over 50 presentation venues to facilitate direct investor-management dialogue, which may include the research summary, and where appropriate, the analyst. These include Equities Magazine conferences, Arch Investment conferences, Corporate Forum, Informed Investors, Small Cap Expo, MoneyTV, NIBA, and road show venues.

The Investrend Forums new “SELECT ♦” presenter platform provides unique opportunities for public companies and their investors to directly interact via Investrend, tapping into the Investrend visibility programs, at a growing number of participating venues, whether or not the event is produced, co-produced or co-sponsored by Investrend Forums.

Institutional

StreetIntel™, a proprietary Investrend Information database management and screening product, provides comprehensive comparative data on public companies by sector, and by global share holdings among 12,000 institutions, including over 4,000 hedge funds, and over 85,000 regulatory-reporting contacts, powered by the most powerful data platforms on Wall Street.

National Investment Banking Association membership provides Investrend and its syndicated partners direct access to the leading mid-sized investment bankers for research reports distributions as well as NIBA’s quarterly conferences for issuers to seek exposure or financing.

Via its partners, Investrend Research Syndicate can provide direct distributions of research to tens of thousands of retail brokers and institutions. Analysts are available to discuss their research with qualified investors and institutions, and to participate in Roadshows.

Sample Available (Optional) Demographics:

Investrend Information Div.: 250,000 proprietary opt-in emails, including 50,000 brokers, 300 NIBA executives, 30,000 public company executives, analysts, etc.

Investrend StreetIntel™: 12,000 institutions, including 4,000 hedge funds, 85,000 global contacts

FinancialWire: ticker-specific daily news distributions to millions of investors via redistributors (standard)

New Equities: 250,000 Private Investors, 50,000 Institutional Buyers, 50,000 Broker-Dealers

Buyside: 14,000 money managers, 4,000 sell-side analysts, 3,500 pension managers

Research Magazine: 96,050

Registered Rep Magazine: 166,000

Traders Magazine: 30,000 heads of trading desks at 700 firms representing 90% of revenues

Bloomberg: 50,859 professionals, 900,000 Schwab wealthy investors

FIRST Research Consortium

Some two-and-one-half years ago, to help investors and public companies to differentiate between legitimate and questionable research reports being disseminated into the marketplace, a number of the industry’s leading independent research providers joined forces to enact a set of standards that would serve as the ethical basis for providers providing professional analytics to the investment community.

The FIRST Research Consortium holds that “enrollment in standards-based research is an important measure of a company’s commitment to transparency and Good Governance,” noting that more and more companies that are pledged to Good Governance and shareholder transparency provide their shareholders with access to professional, credible, third-party analyst coverage from standards-based independent research providers.

“Since the recent Wall Street research settlement, investment banks have dropped coverage on hundreds of companies. Therefore, many companies are stepping up to directly provide their shareholders with a conflict-lessened replacement, creating a significant paradigm shift,” states the organization, currently chaired by Brian Tang, CFA, who heads Fundamental Research Corporation in Vancouver.

A number of independent research providers have joined together in an Association of Standards-Based Research Providers to promulgate an important and possibly historic document, the “Standards for Independent Research Providers,” to serve as an ethical bond between enrolling companies and their shareholders.

It is important to note that adoption of the “Standards” is at no cost, so that failure to adopt the “Standards” by any company providing company sponsored research to adopt the Standards and submit to peer review raises red flags about that provider’s practices, whether or not the provider “professes” to maintain high standards. We have noted that the SEC’s “Guidance” includes two companies that so far are unable to or have chosen not to subscribe to the “Standards,” despite invitations to them to do so.

The Adopters to date are:

- **Advanced Investment Mechanics India Private Limited**, Mumbai, India; London.
- **Beacon Equity Research**, Richardson, Texas
- **Burritt Research**, Palm Beach, FL
- **EquityNet Research**, Los Angeles
- **eResearch**, Toronto
- **Fundamental Research Corp.**, Vancouver
- **Howlett Research Corp.**, Sechelt, British Columbia
- **Investrend Research**, Forest Hills, NY
- **Objective Capital**, London
- **Shoreline Utility Advisors, Inc.**, New York City
- **SISM Research & Investment Services**, Zurich
- **Sophia Orange Investment Advisors, LLC**, Ladera Ranch, CA
- **ValueNotes**, Pune, India
- **VEReports**, Miami

The “Standards for Independent Research Providers” are:

The FIRST Research Consortium, founded in May, 2003 as an Association of Standards-Based Research Providers, recognizing that surveys indicate that three out of every four investors are “most influenced” by an analyst report, that nearly nine out of ten investors believe “legitimate fee-based research is objective and useful,” and that “Enrollment in standards-based research is an important measure of a company’s commitment to transparency and Good Governance,” has promulgated these “Standards for Independent Research Providers,” to serve as an ethical bond between enrolled companies and their shareholders.

1. **Ethical** precepts are an essential element of professional independent research, establishing the credibility necessary to understanding and accepting the research provider's analytical output. Thus:

a. These Standards incorporate by inference the analyst "Standards and Ethics" of the CFA Institute, the "Issuer / Analyst Guidelines" jointly adopted by the CFA Institute and National Investor Relations Institute, and the appropriate language in NASD Rule 2711, Regulation AC, as well as other recognized industry guides; and

b. Once a company has enrolled for coverage, the responsibility of the fee-based independent research provider and its assigned analyst(s) is to the public and to a company's shareholders and investors, and not to any company or to management.

2. **Qualified** analysts are fundamental to the production of valid analytics. Thus:

a. Only analysts credentialed by professional peer-reviewed organizations, or otherwise qualified by several years of supervised or supervisory research reporting for recognized financial institutions, and only adherents to the "Standards and Ethics" of the CFA Institute should be allowed to produce research published by fee-based independent research providers;

b. The names and credentials of analysts producing the research should be included in reports published by independent research providers, along with an attestation thereto that the analyst's work product is purely his or her own without influence or interference; and

c. Only qualified analysts should determine what to publish and when to publish. Independent research providers are obligated to distribute the qualified analyst's report upon publication.

3. **Transparency** is vital to the publication and dissemination of investment data and fundamental analysis, and is an ethical responsibility of the fee-based independent research provider. Thus:

a. Fee-based independent research providers should disclose all amounts of compensation received or to be received for the preparation, publication and dissemination of research, research summaries or other announcements not only in the reports but also in whatever form such material is disseminated;

b. All such communications should include the names and identities of the payers, and if a third-party or third-parties, their names and identities, as well as their relationship(s) to the issuer;

c. All such communications should also meet both the letter and the spirit of U.S. Securities and Exchange Commission Regulation 17(b);

d. If communications come from the issuer, it is the responsibility of the provider to advise the issuer that its reports or summaries may not be issued without the inclusion of these full disclosures, and if the provider is ignored, it is the responsibility of the provider to so inform the public; and further,

e. Ratings and targets should not be issued as recommendations or stock price predictors, and should not be issued or published in the absence of a full, publicly-accessible report. Where a report has been issued previous to a public announcement, the research provider has a responsibility to notice the investing public as to the date the report was previously issued, as well as who received the report.

4. **Conflicts** are inimical to credible professional research. Shareholders and investors need to feel comfortable that research is produced and published in an environment that is as free of analyst influences as possible. Thus:

- a. Analysts should not own a stake in their ratings. Neither they nor principals of independent research providers should own or trade any form of equities of companies under coverage;
- b. Analysts should be paid for their initial reports in advance, or if salaried, the analysts' incomes should not be dependent on the outcome of their reports; and
- c. Independent research should not be under the control of an investment banking department, investor relations or promotional firm or department or executive, and should not be produced or published under the auspices of an investment bank, investor relations or promotional firm or brokerage.

5. The **Mission** of the Standards-based independent research provider is to provide the investing public with an ethical, qualified, transparent and conflict-lessened fundamental analysis of public companies and their equities. Thus:

- a. Adopters of these "Standards for Independent Research Providers" agree to review by the FIRST Research Consortium Independent Research Standards Task Force, and agree that the Consortium may, at its sole determination, suspend, terminate or expel a Provider found to be in violation of these Standards.

Adopters automatically serve on a panel to review and update the "Standards," and all members of the investment community are invited to submit comments or suggestions for enhancement of the "Standards" at any time.

Shareholders Research Alliance

Believing that oversight is to the exclusive benefit of investors and shareholders of public companies, rather than entrusted to a top-heavy group of selected board members with prominent industry resumes and bureaucratic backgrounds, giving rise to potential conflicts due to inextricably intertwined financial industry relationships, Investrend Research helped to facilitate the initial organization of **the only democratic oversight entity whose membership, drawn from the shareholder base of covered companies, has a direct stake in the process, and who thus can be fully trusted to insure ethical, professional delivery of company-sponsored analytics.**

Following the initial organization by an initial membership of more than 100, the five duly-elected Overseers are in the process of completing a reorganization into a non-profit association, the Shareholders Research Alliance, Inc., and to establish their mission and procedures independently of Investrend and the other investor-monitored research providers.

Beginning in January, 2006, after procedures for accepting and codifying new memberships has been established, and following its legal reorganization, the Shareholders Research Alliance is expected to grow exponentially. We believe that the SEC, whose mission is to protect the interests of shareholders, is well-positioned to collaborate fully with an open, democratic organization of investors and shareholders in the public companies for which the SEC has authorized trading in their equities, and whose sole mission is to oversee the ethical provision of professional analytics.

Purpose

The need for an improved model of financial analysis and research in public companies became apparent in recent years when failures in the historic system caused disturbances in the financial markets resulting in a loss of shareholder confidence and value. The Shareholders Research Alliance (SRA) was established to bring more transparency to the market, by supporting and monitoring professional, unbiased and ethical financial analysis and research especially of smaller public companies. The resulting improved market efficiencies will benefit both corporations and shareholders.

Shareholders benefit as better understanding of a company's business plans, future potential and risks provide improved decision making tools for private and institutional investors.

Companies benefit, because studies indicate that equity of public corporations trade with greater volume when investors have access to unbiased, professional analysis. Increased liquidity in turn creates a more efficient market, especially benefiting smaller investors who are a prime source of capital for small companies.

The *Shareholders Research Alliance* ("SRA") encourages professional, agnostic, credible research in non-covered and under-covered smaller public companies trading in the U.S. markets. Its September 2005 foundation was a direct result of testimony at meetings of the U.S. Security and Exchange Commission (SEC) Advisory Committee on Smaller Public Companies calling for this type of program. Since, the SEC has publicly supported models like that of the SRA as a step towards improved market transparency.

Cornerstone of the SRA's activities will be a monitoring process that allows only those research providers to align themselves with the SRA who subscribe to a code of conduct. The SRA will monitor the processes of the aligned research providers and make them transparent to the investing public thus eliminating bias and conflicts of interest between company, research provider and independent analysts.

The *Shareholders Research Alliance* is a not for profit association led by private investors. It invites independent research providers, companies and others in the financial community to join its efforts, programs and processes.

Mission

The *Shareholders Research Alliance* develops programs and processes that result in the increased availability of independent financial research on small companies whose shares are publicly traded in the U.S. market.

- Programs and processes to be developed and monitored by the SRA include:
- Developing standards defining independent research and independent research providers
- Encouraging small public companies to commission ongoing independent research
- Encouraging independent research providers to subscribe to standards of performance that ensure professional research quality and avoid inappropriate bias

- Facilitation of the process that links public companies needing commissioned research with qualified independent research providers in a manner conforming to the independent research criteria set out by the SEC
- Developing and furthering mechanisms to insure the broad and immediate distribution of independent research reports to the individual investor community
- Developing mechanisms that engage the individual investor community in the SRA and its monitoring processes of independent research to establish transparent, trusted and non-biased research analysis of smaller publicly traded companies.

Overseers Advisory Group

The Shareholders Research Alliance is governed by five democratically-elected Overseers, comprising the Overseers Advisory Group.

The Shareholders Research Oversight Advisory Group is composed of Individual Shareholders as described in the Membership section, and is elected by the eligible Membership to serve a two-year term. The elections for either two or three shall be held each year to assume their offices September 1 (following the current legal reorganization as a non-profit corporation, it is expected the term of office will change to a calendar year.

The Oversight Advisory Group is At-Large, but one Overseer may be elected by the shareholders of any specific public company to provide Oversight on research for a company only in conjunction with the full Advisory Group. Overseers have a right to conduct due diligence on the process associated with analyst qualifications and assignment, and with the procedures by which the analysts are assigned and produce their research to insure that the process is free of conflict, bias or pecuniary interest.

The Oversight Advisory Group is not responsible for any errors or omissions in its process conducted in good faith and solely on behalf of the Shareholders Research Alliance Membership that has elected them and for no one else, and does not, of course, accept any responsibility for the content or findings of a report, nor anything associated with the professional judgment of a qualified analyst, and does not either validate or dispute any report. These are the sole judgments of the analysts.

The elected Overseers are:

CHAIR: Dirk Koerber

Retired Director of Investor Relations & Public Affairs, Litton Industries
Woodland Hills, CA

Mr. Koerber is a private investor who retired as Vice President Investor Relations. In his more than 25 years in this capacity he worked for large, mid and small cap corporations in several industries. He helped establish two companies on the New York Stock Exchange and with the financial community and participated in secondary equity and debt offerings. His experience also incorporates IR work in Europe, and he is a member of the National Investor Relations Institute.

VICE CHAIR: Bob Reisner

Private Investor and
CEO Nassau Business Funding & Services, Inc.
Atlanta, GA

Mr. Reisner provides funding and management services through Nassau Business Funding & Services, Inc. Additionally, with his family, he owns 20 quick serve restaurants in the Atlanta metro area. He has over 30 years in finance and technology management at GE, RCA and IBM. Mr. Reisner founded and was CEO of a publicly technology company which was later acquired by COGNOS Inc. Mr. Reisner's work has included mergers and acquisitions, operations financial oversight, and many years as a private investor actively managing a large portfolio.

OVERSEERS:

Anthony J. Cataldo, Ph.D, CPA, CMA

Assistant Professor of Accounting, Oakland University
Rochester Hills, MI

Mr. Cataldo is author of recent Elsevier Science monograph on "Information Asymmetry" and conducting academic research in this area, including SEC Reg SHO. "We are in a paradigm shift from a 'free' to a 'fee-based' system of stock analyses. I maintain an interest in this and related corporate governance-related research streams."

Jerry Davis

Chairman, Board of Trustees, New Orleans Employees' Retirement System
New Orleans, LA

Mr. Davis is the board chairman of a \$400 million pension fund, with 20 years experience in that capacity, and believes shareholder monitoring of research is a "very worthwhile effort."

Gary Ferguson

Private Investor
El Prado, NM

Mr. Ferguson is a retired engineer with a deep background in technical research and development with a major national laboratory. He now lives near Taos, New Mexico and manages a portfolio of stocks, bonds, funds and other investments. He does not own anywhere near 5% of any one company. He says the Shareholders Research Alliance is a "way to contribute to the rejuvenation and credibility of shareholder voices in the financial community."

CHAIR EMERITUS: Carlos E Boggs

Private Investor
San Antonio, TX

Mr. Boggs is a Premium Audit Manager for a major insurance company for the Western half of the U. S., and has been with his current employer for 19 years. He is responsible for making audit decisions on a 13 million dollar book of business managing a team of 44 auditors and reviewing the various types of businesses for both Worker's Compensation and General Liability forms of insurance for a variety of business owners.

Monitoring Program

The Shareholders Research Alliance monitors all sponsored research published and distributed by the Investrend Research Syndicate, and its facilitated contract providers and affiliated independent research providers, due to the Syndicate's adherence to a strict code of professional, agnostic visibility and its limitations on distributions only for formal adopters of the "Standards for Independent Research Providers."

The FIRST Research Consortium welcomes the Shareholders Research Alliance into a full partnership with its standards panel, to further review or codify the "Standards" at any time.

Independent Research Providers whose research is publicly available and distributed via the Investrend Research Syndicate, in accordance with the "Standards for Independent Research Providers," include:

- **Beacon Equity Research**, Richardson, TX
- **Burritt Research**, Lake Park, FL
- **Fundamental Research Corp.**, Vancouver, B.C., Canada
- **Investrend Research**, Forest Hills, NY
- **Objective Research**, London
- **SISM Research & Investment Services**, Zurich
- **ValueNotes**, Pune, India

In short, Ms. Matthews, the Investrend Research Syndicate welcomes your interest and further review, inasmuch as the agnostic facilitation / intermediary model that you favor was implemented almost ten years ago by our parent, Investrend Research, which is the largest and most prolific enroller of public company analytics sponsors and facilitator of contract research.

Also, we currently have established the singular system that contains what we perceive to be all the necessary checks and balances, including democratically elected investor/shareholder overseers, a consortium of ethical providers that have democratically established the standards for the industry we serve, and fair and equitable distributions of research to investors throughout the world.

We would further respectfully submit that your offices might consider the adoption of the "Standards" and submission to investor-monitoring as prerequisites to your further extension of guidance regarding independent providers of sponsored research.

Thank you again, and I look forward to answering any further questions or comments that you or the other regulators to whom you indicated you wish to direct this information may have.

Sincerely,

Gayle Essary
Managing Director, Investrend Research Syndicate / Investrend Research
Executive Director, FIRST Research Consortium
Interim Administrator, Shareholders Research Alliance
CEO, Investrend Communications, Inc.

cc: Members, Shareholders Research Alliance
Members, FIRST Research Consortium
Providers to Investrend Research Syndicate
Members and Staff, SEC Advisory Committee on Smaller Public Companies
Hon. Jonathan A. Katz, SEC, re: File Number 265-23