I.

Legg Mason Wood Walker, Inc (“LMWW”) has submitted a letter, dated August 18, 2005, requesting a waiver of the disqualification from the exemption under Regulation E arising from LMWW’s settlement with the Commission of administrative and cease-and-desist proceedings.

On September 21, 2005, pursuant to LMWW’s Offer of Settlement, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Investment Company Act”) against LMWW (“Order”). Under the Order, the Commission found that LMWW processed mutual fund orders in violation of Rule 22c-1(a) under the Investment Company Act and failed to make and keep required books and records in violation of Section 17(a)(1) of the Exchange Act and Rules 17a-3 and 17a-4 thereunder.

In the Order, the Commission censures LMWW; orders LMWW to cease and desist from committing or causing violations or future violations of Rule 22c-1(a) under the Investment Company Act and Section 17(a)(1) of the Exchange Act and Rules 17a-3 and 17-4 therunder; imposes a civil penalty in the amount of $1,000,000; and orders LMWW to comply with certain specified undertakings.
The Regulation E exemption is not available for the securities of a small business investment company or business development company issuer if a director, officer, principal security holder, investment adviser or underwriter of the securities to be offered, or any partner, director or officer of such investment adviser or underwriter, is subject to a Commission order pursuant to Section 15(b) of the Exchange Act. See Rule 602(c)(3) under the Securities Act of 1933 (“Securities Act”). The Commission may waive the disqualification upon a showing of good cause. See Rule 602(e).

Based upon the representations set forth in LMWW’s request, the Commission has determined that a showing of good cause has been made pursuant to Rule 602(e) and that the request for a waiver of the disqualification should be granted.

Accordingly, IT IS ORDERED, pursuant to Rule 602(e) under the Securities Act, that a waiver from the application of the disqualification provision of Rule 602(c)(3) under the Securities Act resulting from the entry of the Order is hereby granted, effective upon the entry of the Order.

By the Commission.

Jonathan G. Katz
Secretary