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March 11, 2011

Mr. Steven Hearne
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-3628

Subject: Exchange Act Rule 12g5-1

Dear Steve,

On behalf of Philip Oppenheimer and Mark Close of Oppenheimer & Close, Paul O'Leary of Raffles Associates and David Wright of Henry Partners, we thank you, Paula Dubberly, Felicia Kung and Ted Yu for meeting with us in the Washington offices of the Securities and Exchange Commission (the "Commission") on February 10, 2010, to discuss our experiences dealing with the application of Rule 12g5-1 under the Securities Exchange Act of 1934 (the "Exchange Act"). We also wished to share with you some of our thoughts about the issues raised in that meeting.

We understand the concerns raised, particularly by banks and venture capital firms, that issuers may be required to register involuntarily under Exchange Act Section 12(g) if Rule 12g5-1 were amended to count beneficial owners as record holders. We believe that when the number of an issuer's shareholders is sufficiently high so that a trading market exists for the issuer's securities, the issuer should be required to make the disclosures required under Section 13(a) of the Exchange Act, and to comply with the proxy and other rules applicable to issuers with a class of securities registered under Section 12. These disclosures are necessary to protect the issuer's investors and the market where the issuer's securities are traded. Nonetheless, we recognize that a strict numerical requirement may in some cases reduce the willingness of venture capitalists to provide necessary capital to fledgling enterprises, which might be detrimental to the national economy.

On the other hand, these concerns do not exist when an issuer determines to deregister under Section 12. The issuer's continued compliance with the disclosure requirements of the Exchange Act will not discourage the capital raising activities of venture capitalists.

Since deregistration can be accomplished with a single filing and without prior notice to investors or the markets, its immediate impact is a drop in the stock price and a severe reduction in liquidity. We think the Commission should take action to eliminate this potential for unfair surprise to investors. This can be accomplished in a way that would not interfere with capital-raising activities.

It is our view that investors and the markets should receive sufficient notice of an issuer's plans to deregister to communicate with other shareholders in an effort to persuade the issuer not to

deregister. That failing, sufficient notice would permit a shareholder to sell shares in an orderly manner before deregistration is effective.

We are aware that Exchange Act Rule 13e-3 provides 20 days notice prior to a "going private" transaction that might result in deregistration. However, this is not a sufficient length of time for shareholders to react to a deregistration decision. While 180 days notice would be preferable, we believe shareholders require at least 90 days to communicate effectively with other shareholders affected by the decision. In appropriate cases, the Commission could reduce the notice period. We note that the Staff of the Commission often grants relief from various registration requirements in certain cases following a transaction that reduces the number of investors to a level where continued compliance with disclosure requirements is not necessary to protect investors.

We also believe that issuers ought to provide interested shareholders with a list containing the names and addresses of their fellow shareholders so they can communicate their concerns. This list should contain the names of shareholders listed on the issuer's records, as well as the "non-objecting" list of shareholders that hold shares through their brokerage accounts in street name. Issuers often choose to litigate requests from shareholders for such information under state law. This forces shareholders to incur significant legal expenses to obtain this information, and suffer unjustifiable delays, even though the issuer is aware that its position is untenable.

To avoid concerns that such a rule would conflict with state corporate law statues, the issuer could be offered the alternative of delivering communications provided by shareholders during the period prior to deregistration. We note that Exchange Act Rule 14a-7 requires an issuer to deliver proxy solicitations provided by shareholders, if the issuer is unwilling to provide a list of names and addresses of shareholders to the person making a solicitation.

Thank you very much, and please call if you have any questions.

Very truly yours,

Stephen J. Nelson

cc: Philip Oppenheimer
Mark Close
Paul O'Leary
David Wright
Paula Dubberly
Felica Kung
Ted Yu