

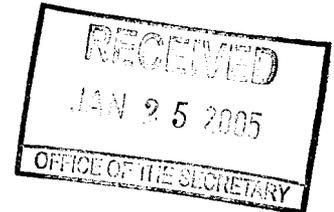


January 14, 2005

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The Honorable William H. Donaldson
Chairman
Securities and Exchange Commission
450 Fifth Street N.W.
Washington, DC 20549-0609
Tel: 202-942.0100
Fax: 202-226-9646
Email: rule-comments@sec.gov
File Number: S7-10-04



Dear Bill:

As your classmate at Harvard Business School, I am hopeful that you will have an opportunity to read this letter personally.

I was very pleased when you were chosen to head the SEC 2003. You have rebuilt and, more importantly, re-invigorated the agency, launched numerous new, constructive initiatives and really become our country's top investors' advocate. That's why I am writing this fairly brief and (I hope) to-the-point letter.

As chairman of Magnetek, Inc. (NYSE: MAG) I want you to know that I agree in principle with the position of the New York Stock Exchange regarding the restructuring of our capital markets. Granted that the present "auction" market isn't perfect, it seems to me that (in the NYSE's word) "homogenizing" trading into a single electronic network removes most market forces from the market. At least the NYSE's "hybrid" model retains real competition – among floor traders and the electronic system, if nothing more. We are already seeing unauthorized listing of U.S. stocks on off-shore exchanges, which hasn't had much impact as yet; but given a government-mandated stock "internet" in the U.S., we could well see such "rogue" markets flourish in competition with our own. Therefore, I believe that letting today's auction market evolve as naturally as possible – with close SEC scrutiny, of course – is the most constructive way to go.

On related matter, as a shareholder of Magnetek, a fairly small (~\$200M market cap) publicly traded company with a proportionately small float (~18M shares active), I have some concern about "Regulation SHO" (Rule 200) as posted in the Federal Register by the SEC last August. Because of our small float, our trading volume tends to be quite low (just over 100,000 shares daily) compared to larger firms with many more shares outstanding. So "short" sales of even small amounts of Magnetek stock accentuate volatility disproportionately, often sending what may be "false" signals to the marketplace. I am quite sure that the same is true of other smaller companies. Consequently, I am concerned that Magnetek is one of the "guinea pigs" on the SEC's list of stocks for a "Pilot" program which, as I understand it, does away with controls that now serve to dampen volatility due to short-selling, especially small-cap stocks like ours. Hopes that "the risk of any adverse impact on the Pilot securities will be small", are of little consolation to our shareholders, and I respectfully request that your staff consider means other than a year-

long “live fire” exercise to determine what we already know – that less actively traded securities are more susceptible to manipulation.

Finally, although I know that Congress, not the SEC, promulgated the new Sarbanes-Oxley audit requirements, and while I applaud its intent, I implore your support for relaxing these measures for smaller publicly traded firms. While auditing expense, which we estimate will almost double for Magnetek as a result of “SOX”, may be easily absorbed by larger firms, it will certainly and seriously impact the competitiveness of small firms – especially high-tech companies like ours with heavy investments in R&D. I fear that this will depress new business formation, start-ups will avoid going public, eliminating the freedom of the general public to invest in them, some will fail for lack of adequate financing, and the promise and competitiveness of U.S. enterprise will be compromised in the process. Perhaps a simple answer, at least for small publicly held companies, is to reduce the preventive measures while increasing the punishment for violators.

I’m afraid what started out to be a short letter has turned into a long one. I appreciate your letting me share a few thoughts with you. I wish you the greatest accomplishments throughout the remainder of your term.

Best personal regards,

A handwritten signature in black ink, appearing to read "Andrew G. Galef". The signature is fluid and cursive, with a large initial "A" and "G".

Andrew G. Galef
Chairman of the Board
Magnetek, Inc.
HBS '58, section B