

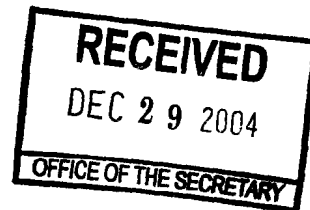


AIR EVAC LIFE TEAM

December 24, 2004

2

Mr. Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609



Re: File Number S7-37-04

Dear Mr. Katz:

As a small company that has received financing from a business development company ("BDC"), we oppose the Commission's proposed rules relating to the definition of "eligible portfolio company." While the rules governing eligible portfolio company investments need modernization, the Commission's proposal takes an arbitrarily restrictive, rather than an expansive, approach.

We received BDC financing at a critical time in the development of our company, as other sources of public funding were not available. As a result of the success of such financing, we recognize the important role of BDCs in helping small, developing businesses to access capital.

The Commission's proposal is flawed for the following reasons:

▪ Exchange Listing Does Not Solve Access To Capital Issues. The proposal's reliance on trading platform to determine if an issuer is an eligible portfolio company is not relevant to whether an issuer has problems accessing capital. Instead, information such as market capitalization, the quality of a company's balance sheet and the number of research analysts following the issue is far more indicative of a company's ability to access capital than whether a company's stock is listed on the NASDAQ or traded on an Exchange. Unless a company is "well followed" and has certain levels of analyst coverage, institutional ownership, and trading volume, most sources of public debt and equity capital are not available.

We encourage the Commission to propose a market capitalization standard. There are many other regulatory instances in which the Commission uses market capitalization standards. A market capitalization standard is easy to determine and can provide a logical threshold for measuring whether companies may face capital access problems.

▪ Regulating BDCs Into Riskier Investments Will Adversely Affect BDC Shareholders. The proposed rule will not protect BDC shareholders who are the ultimate source of capital to businesses such as ours. Under the Commission's proposal, the only small, public companies that can qualify are those in severe financial distress. The Commission proposes that a company listed on an Exchange or the NASDAQ can only be eligible if the company has received notice

that it does not meet that market's listing standards, and does not meet the initial listing standards for any other Exchange or the NASDAQ. Beyond the difficulty in determining whether a company meets the listing standards of any other Exchange, the proposal would actually have the reverse impact of increasing the risk to BDC shareholders, since the proposal encourages investment in financially distressed companies. Such a move would require a change of BDC expertise, and would not serve the interests of shareholders of BDCs or portfolio companies.

- If BDCs Are Focused On DIP Financing, Available Capital Will Decrease. The proposed rule attempts to transform BDCs into debtor-in-possession ("DIP") financiers. Only those public companies which do not meet the listing standards of an Exchange or NASDAQ could be classified as an eligible portfolio company. These types of companies are often in such financial distress that they are candidates for DIP financing. If BDCs are perceived as distressed investors, the potential exists for non-distressed, but smaller, companies seeking BDC assistance to view a BDC as an unattractive financing alternative.

- Availability Of Capital From BDC Should Be Expanded. BDCs offer an important mechanism for companies to access public capital that would not otherwise be available. They are subject to rigorous disclosure rules of public operating companies, such as the requirements under the Sarbanes-Oxley Act of 2002, that serve to protect investors and the companies in which they invest. BDCs provide financing on more favorable terms and with greater transparency than those often offered by venture capital, hedge fund and private investments in public equity (PIPEs). For example, PIPE deals eventually drive down a company's share price because they flood the market with shares at a later date. Such an option is not beneficial to the issuing company or its shareholders as it may force the shareowners to sell at a very low price. The existence of these deals indicates that there are a number of small, public companies that are having trouble accessing the capital markets. By changing the proposed rule and expanding the number of public companies eligible for BDC financing, the Commission could allow BDCs to provide a much needed source of financing for small, developing, public companies. As drafted, the proposed rule will likely force more private and publicly-traded companies that need growth capital to rely on unregulated private funding sources instead of accessing capital from regulated sources, such as BDCs.

- The Proposed Rule Is Contrary To The Legislative Intent Of The 1980 Act. The original legislative history of the 1980 Act intended for certain public companies to be eligible BDC investments: As stated in the legislative history:

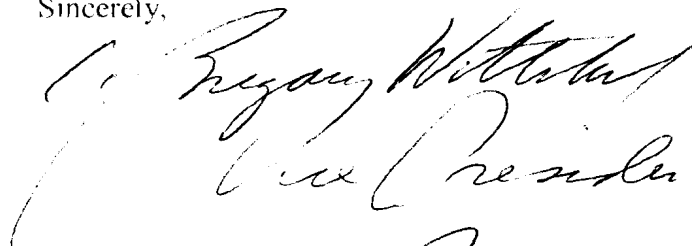
"The pool of such eligible portfolio companies under the Bill is very broad...It is estimated there are about 12,000 publicly held operating companies; the definition of 'eligible portfolio companies' would include about two-thirds, or 8,000, of those companies, plus all privately-held companies. In addition, the Commission is given rulemaking authority to expand the class of eligible portfolio companies..."

The proposed rule is contrary to the original purpose of the Act and will significantly restrict the number of eligible portfolio companies.

We urge that the Commission change its proposal to address the shortcomings identified above and reject the proposal's reliance on trading platform to determine whether or not an issuer is an eligible portfolio company. A sensible alternative would be to incorporate provisions similar to those in the unanimously-passed House bill, HR 3170, which uses a market capitalization standard for determination of whether an issuer meets criteria for eligibility. The legislation uses a market capitalization threshold of \$250 million to ensure that small, developing, publicly-traded companies are eligible for BDC investment.

Thank you for your consideration of our comments and recommendations.

Sincerely,


Gregory Wittke
Vice President
Amorica