

The Auxer Group, Inc.  
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March 20, 2003

Secretary  
Securities & Exchange Commission  
450 Fifth Street NW  
Washington, DC 20549-0609

Delivered via e-mail only to [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

RE: File # SR-DTC-2003-03

Dear Sirs:

I am the President and CEO of The Auxer Group, Inc. (OTCBB:AXGI, Commission file # 0-30440). I have held these positions since approximately January 15, 2003 having previously held similar posts with a private company that entered into a stock exchange agreement with "Auxer".

The common stock of "Auxer" is a very highly traded issue and boasts a shareholder base of approximately 4,000 investors.

I announced on March 19, 2003 that "Auxer" is considering a request to remove itself from the Depository Trust Corporation (hereinafter "DTC"). The announcement was released via Business Wire at approximately 11:23 a.m. EST. The trading activity on AXGI was approximately 62,000,000 for the March 19, 2003. Our decision to consider removal from the DTC was because of suspected naked short selling. The reaction to our announcement seems to confirm our suspicions.

My observation is that this expected naked short selling has reached unmanageable proportions and was adversely affecting the trading price of Auxer stock and accordingly, its shareholders.

Auxer objects to any rule change that would prevent public companies from exiting DTC's electronic clearing and book entry system. It is imperative that any rule change would not limit or interfere with Auxer's rights.

Auxer is a highly traded stock with a large investor base. As such, it appears that it is an attractive target for naked shorting to occur. The difficulty to the Company and its shareholder base is that the stock prices appear to be artificially manipulated by the excessive naked shorting.

In my opinion, the ability of naked shorting to occur is an indication of a system weakness. The systematic system of settlement does not appear to discourage the naked shorting. Accordingly, the opportunity for abuse is very high.

It would be unfair to the Company and its shareholders to agree to make a rule change that does nothing to correct suspected systematic abuses. Accordingly, Auxer objects to any rule change that would prevent us from taking any action to protect the Company and its shareholders from impairment of its underlying value or investment.

Accordingly, I urge you not to approve the DTC's application for rule change that was filed on February 13, 2003.

Thank for your consideration.

If you would like to discuss this comment letter further, do not hesitate to call.

Sincerely,

Robert J. Scott  
President & CEO