BRYAN CAVE

BRYAN CAVE LLP One Metropolitan Square, 211 North Broadway, Suite 3600, St. Louis, MO 63102-2750
T: 314 259 2000 F: 314 259 2020 bryancave.com

Robert J. Endicott
Direct: (314) 259-2447
rjendicott@bryancave.com

November 3, 2016

Sebastian Gomez Abero, Esq.
Chief, Office of Small Business
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-3628

Re: Securities and Exchange Commission v. Stifel, Nicolaus & Company, Inc., et al., Case No. 2:11-cv-00755 (E.D. Wisconsin, August 10, 2011)

Dear Mr. Gomez Abero:

This letter is submitted on behalf of our client, Stifel, Nicolaus & Company, Inc. ("Stifel Nicolaus"), the settling defendant in the above-captioned civil action (the "Action") brought by the U.S. Securities and Exchange Commission (the "Commission") in connection with sales of synthetic collateralized debt obligations (collectively, "CDO Investments" or "CDOs") as described below.

Stifel Nicolaus acts or may act in the future in a capacity that relies upon an exemption subject to the disqualification set forth in Rule 262 of Regulation A or Rule 506 of Regulation D of the Commission promulgated under the Securities Act of 1933 (the "Securities Act"). Accordingly, on behalf of Stifel Nicolaus, we hereby respectfully request, pursuant to Rule 262(b)(2) of Regulation A and Rule 506(d)(2)(ii) of Regulation D, waiver of any disqualification from relying on exemptions under Regulation A or Rules 506 of Regulation D that will be applicable to Stifel Nicolaus and issuers that have retained or may retain Stifel Nicolaus in connection with transactions that rely on these exemptions, as a result of the entry of the Final Judgment against Stifel Nicolaus in connection with the above-captioned matter, as described below.

I. Background

The staff of the Division of Enforcement (the "Enforcement Staff") and Stifel Nicolaus have engaged in settlement discussions in connection with the filing of the Action. As a result of these settlement discussions, the Enforcement Staff and Stifel Nicolaus have reached an agreement to settle the Action as described below. The Enforcement Staff and Stifel Nicolaus have entered into and intend to seek the final approval of the Commission of a Consent of Defendant Stifel, Nicolaus & Company, Inc. (the "Consent") that contains certain admitted facts and a form of a Final Judgment as to Defendants Stifel, Nicolaus & Company, Inc. and David W. Noack (the "Final

Judgment"). Upon approval by the Commission, the Consent will be presented by the Enforcement Staff to the United States District Court for the Eastern District of Wisconsin (the "Court") for the Court's approval as the final step in settling the Action. As described below, upon becoming effective, the Final Judgment will impose an injunction and monetary sanctions upon Stifel Nicolaus.

In 2006, Stifel Nicolaus and Mr. Noack, a Senior Vice President of Stifel Nicolaus and head of its Milwaukee office, recommended that five school districts in eastern Wisconsin[1] (the "School Districts") invest their own funds, together with funds borrowed by specially-created trusts (the "OPEB Trusts"), in the CDO Investments in order to cover other post-employment benefits, such as healthcare and life insurance ("OPEB liabilities"), that the School Districts had agreed to provide their employees but had not funded prior to 2005. The 2006 investments were funded by contributions to the OPEB Trusts by the School Districts and borrowings by the OPEB Trusts. In the aggregate, the School Districts contributed $37.3 million to their respective OPEB Trusts and the OPEB Trusts borrowed $166.5 million from Depfa Bank, for an aggregate $200 million of investments in the CDOs. The Depfa notes were collateralized by the OPEB Trusts' assets (specifically, the CDOs investments) and by the moral obligation of the School Districts to fund any collateral shortfalls arising due to a decline in the value of the CDOs. In 2008, one of the School Districts contributed an additional $10 million to fund its collateral shortfall to Depfa Bank. The investments failed and the School Districts suffered a complete loss of their cash investment of $47.3 million in the aggregate.

The Final Judgment will contain factual admissions that Stifel Nicolaus and Noack acted negligently by making material misstatements and omissions to the School Districts and by failing adequately to investigate the appropriateness of the CDO Investments and, further, that by engaging in those acts and admissions, Stifel Nicolaus and Noack violated the federal securities laws. The factual admissions contained in the Final Judgment will be the basis for the Final Judgment by the Court, which will provide that (i) Stifel Nicolaus and Noack will be permanently restrained and enjoined from violating, directly or indirectly, Sections 17(a)(2) and 17(a)(3) of the Securities Act, (ii) Stifel Nicolaus and Noack will be jointly and severally liable for disgorgement of $1.66 million and prejudgment interest of $0.84 million, (iii) Stifel Nicolaus will be liable for a civil penalty in the amount of $22.0 million and (iv) Noack will be liable for a civil penalty in the amount of $100,000.

II. Discussion

Stifel Nicolaus understands that the entry of the Final Judgment will disqualify Stifel Nicolaus and issuers that have retained or may retain Stifel Nicolaus from relying on certain exemptions under Regulation A and Rule 506 of Regulation D promulgated under the Securities Act. Stifel Nicolaus is concerned that, should it be deemed to be an issuer, predecessor of the issuer, affiliated issuer, general partner or managing member of an issuer, solicitor, or underwriter of securities or acting in any other capacity described in Securities Act Rules 262 or 506 for the purposes of Securities Act Rules 262(a)(2) or 506(d)(1)(ii), Stifel Nicolaus and other entities for whom Stifel Nicolaus is acting in one of those

[1] The School Districts are: School District of West Allis-West Milwaukee, Kenosha School District No. 1, School District of Waukesha, Kimberly Area School District, and School District of Whitefish Bay.

listed capacities would be prohibited from relying upon those offering exemptions when issuing securities.

The Commission has the authority to waive the Regulation A and D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances. *See* 17 C.F.R. §§ 230.262 and 230.506(d)(2)(ii).

In granting a waiver, the Division of Corporation Finance (the "Division") has stated that its policy is to consider the nature of the violation or conviction and whether it involved the offer and sale of securities. See *Waivers of Disqualification under Regulation A and Rules 505 and 506 of Regulation D,* the Division of Corporation Finance (mod., Mar. 13, 2015) (the "Framework"). In addition, under the Framework the Division has sated its policy is to consider whether the conduct involved a criminal conviction or scienter-based violation, who was responsible for the misconduct, the duration of the misconduct, the remedial steps the party seeking the waiver has taken to address the misconduct, and the impact if the waiver is denied.

For the reasons stated below, Stifel Nicolaus believes this application for a waiver satisfies those factors and requests that the Commission waive any disqualifying effects that the Final Judgment may have under Regulation A and Rule 506 of Regulation D as to Stifel Nicolaus.

1. *Did the misconduct involve the offer and sale of securities?*

Stifel Nicolaus acknowledges that the misconduct involved the offer and sale of securities, but this misconduct was isolated in nature and of limited duration. The 2006 CDO transactions were the first time that Stifel Nicolaus had ever advised a school district to purchase leveraged CDOs, and represented an attempt by Stifel Nicolaus to offer a partial solution to a specific financial problem facing certain school districts. As noted below, since 2006, Stifel Nicolaus has not advised any other school district in North America to purchase leveraged CDOs. Accordingly, as a result of the specific nature of the CDO transactions and the underlying issues for the School Districts they were designed to address, and when taken together with the remedial measures described below, Stifel Nicolaus believes the conduct described in the factual admissions in the Final Judgment are extremely unlikely to recur.

2. *Did the misconduct involve a scienter-based violation or a criminal conviction?*

As noted above, the Final Judgment will contain factual admissions that Stifel Nicolaus and Noack acted negligently by making material misstatements and omissions to the School Districts and by failing adequately to investigate the appropriateness of the CDO Investments and, further, that by engaging in those acts and admissions, Stifel Nicolaus and Noack violated the federal securities laws. The Final Judgment will contain no factual admissions that are criminal in nature or that are scienter-based. Furthermore, the injunction contained in the Final Judgment will be limited to Sections 17(a)(2) and 17(a)(3) of the Securities Act, neither of which has a scienter-based element. The Final Judgment will contain no injunction with respect to provisions of the Securities Act that contain a scienter-based element.

3. *Who was responsible for the misconduct?*

As noted above, the misrepresentations made to the School Districts and described in the factual admissions incorporated into the Final Judgment were made by one individual, Mr. Noack. The factual admissions note that this this individual lacked prior experience with CDOs, recommended the CDO Investments without adequate analysis or consideration of the appropriateness of the investments for entities such as the School Districts and made inaccurate disclosures as to the risks of such investments to representatives of the School Districts. Although the factual admissions incorporated into the Final Judgment contain references to certain senior executives, no other individuals at the firm made misleading statements to the School Districts in connection with the CDO Investments. While certain of these senior executives remain at the firm, as noted elsewhere Stifel Nicolaus has not sold any CDOs whatsoever since 2008.

We further note that the personnel that were instrumental in the sale of the CDO Investments to the School Districts left the firm in 2007. Mr. Noack resigned from Stifel Nicolaus's Milwaukee Public Finance office in February 2007 and joined another firm, together with an analyst who resigned from Stifel Nicolaus's Milwaukee Public Finance office at the same time and joined Mr. Noack at his new firm. Mr. Noack's direct supervisor at the time of the CDO Investments also subsequently left the firm. No other individuals with the Milwaukee Public Finance office that were directly involved with the 2006 CDO investments remain at the firm.

4. *What was the duration of the misconduct?*

The conduct at issue in the Action occurred from no earlier than late 2005 through the end of 2006. As described in the factual admissions contained in the Final Judgment, Stifel and Noack created the Government OPEB Asset and Liability Program late 2005 to 2006. All of the transactions at issue in the Final Judgment occurred in 2006. Since 2006, Stifel Nicolaus has not advised a single school district in North America to purchase leveraged CDOs and further has not sold any CDOs since 2008.

5. *What remedial steps have been taken?*

The factual admissions contained in the Final Judgment acknowledge that, prior to the establishment of the GOAL program, the personnel that made the misstatements (Mr. Noack) had little or no experience with the CDO product sold to the School Districts. As noted above, factual admissions further acknowledge that Stifel Nicolaus and Noack acted negligently by making material misstatements and omissions to the School Districts and by failing adequately to investigate the appropriateness of the CDO Investments.

As described further below, Stifel Nicolaus has taken remedial steps to address the conduct described in such factual admissions to ensure that such conduct does not recur:

- the individual responsible for the misstatement, Mr. Noack, is no longer with the firm, and the other individuals who worked in the Milwaukee Public Finance office and were involved in the transaction are no longer with the firm (see Section 5.A below);

- the firm no longer engages in transactions similar to the transactions at issue with the School Districts (see Section 5.B below); and

- the Public Finance Department has established a robust set of compliance controls and procedures in the area of municipal finance to ensure that the firm will not engage in conduct in the future similar to that described in the factual admissions, including bolstering its diligence, risk disclosure and suitability analysis (see Section 5.C below).

A. Personnel Changes. As stated above, the factual admissions note that, prior to the establishment of the GOAL program, Mr. Noack had little or no understanding how CDOs functioned and had never sold a product tied to CDOs to any customer. Mr. Noack and other personnel left Stifel Nicolaus's Milwaukee Public Finance office as described in detail in Item 3 above. In addition, David DeYoung joined the firm in April 2007 and acted as the manager of the Milwaukee Public Finance office, supervising the firm's public finance investment banking professionals until his retirement in March 2015.

B. *Transaction History following the 2006 CDO Investments.* In 2008, the firm ceased to operate its structured finance desk in Baltimore and has not sold CDOs since that time. Stifel Nicolaus hired a group of structured finance professionals with specific backgrounds and experience in credit default swaps in 2013. These individuals created a cleared swaps sales desk, which markets cleared single name and index swaps to qualified institutional investors. The CDO Investments sold to the School Districts were generic products and not custom designed. These individuals do not market to school districts or municipal entities, and Stifel Nicolaus does not intend to market these products to school districts or municipal entities in the future.

It is rare for the Public Finance investment bankers to engage in transactions that are not municipal securities transactions. Public Finance investment bankers do not advise municipal clients on investment decisions such as those made by the School Districts in 2006, except in the limited role of providing numerical analyses in connection with processing bond defeasance escrows. The role of the firm is underwriter, placement agent, remarketing agent, or municipal advisor. The engagement process is summarized below.

C. *Further Compliance Measures.* Since 2006, Stifel Nicolaus has instituted a robust municipal compliance program designed to prevent a recurrence of a transaction similar to the transactions at issue in the Action.

Stifel Nicolaus has devoted considerable legal and compliance resources to its Municipal Finance Group, which includes the Public Finance Department. Peg Henry, former General Counsel for Market Regulation of the Municipal Securities Rulemaking Board, has as her sole responsibility the provision of legal advice to Stifel Nicolaus's Municipal Finance Group, which is comprised of public

finance, underwriting, trading, and sales. Stifel Nicolaus also has a comprehensive team of four municipal compliance professionals, reporting to the Director of Fixed Income Compliance. Additionally, the Public Finance Department has created a Municipal Oversight Division, which is responsible for addressing all new issue SEC and MSRB rules for both negotiated and competitive transactions – between 800-900 new issues per year. Stifel Nicolaus also conducts regular training of Public Finance investment bankers and conducts regular meetings of supervisors, both of which are essential elements of Stifel's municipal compliance program. More broadly, the parent company of Stifel Nicolaus, Stifel Financial Corp., has in recent years built out a robust set of controls at the enterprise level, including Risk Management and Internal Audit functions comprised of over 50 people in total, which help ensure a platform-wide management of risk and compliance with policies, procedures and best practices, including at the level of the Municipal Finance Group.

The Public Finance Department has approximately 17 regional managers, as well as two supervisors above that level. New engagements are approved through these supervisory levels. The scope of the engagements is reviewed to assure that the engagements are consistent with Stifel Nicolaus's policies and procedures. This includes a review to determine whether the proposed engagement letter is consistent with Stifel Nicolaus's approved forms. If there is a deviation from the approved form, an internal legal review is required, as well as supervisory sign-off. There is also an additional layer of approval required where the firm is serving as municipal advisor. In the event that the proposed scope of the engagement is beyond the role of the firm as underwriter, placement agent, remarketing agent or municipal advisor, then the proposed engagement would typically be rejected unless another area of the firm with appropriate expertise agrees to assume responsibility, including supervisory responsibility for the firm activities under the engagement. Stifel Nicolaus also recently developed an Engagement Acceptance Committee as a further oversight to the engagement process described above. In addition to the leadership of the Municipal Finance Group, members of high level management of the firm[2] participate on the Engagement Acceptance Committee. This committee reviews transactions with unique terms, structure, risks, novelty, or complexity that, in the judgment of Municipal Finance Group leadership or the Deputy General Counsel (Ms. Henry), require the approval of the committee. A proposed engagement is also subject to review by the firm's Commitment Committee if it meets the criteria described below. These engagement procedures are designed to, among other things, safeguard against the recurrence of conduct similar to the conduct described in the factual admissions.

In addition to the internal expansion of resources devoted to the Municipal Finance Group, Stifel Nicolaus requires the use of experienced, internal or external legal counsel in nearly every negotiated transaction where Stifel Nicolaus acts as an underwriter. Those lawyers are directed to contact Ms. Henry should disclosure issues arise. Stifel Nicolaus has also built out its MuniBOND deal management system so that it provides a comprehensive record of its compliance with all new issue rules. MuniBOND has been cited favorably by FINRA in its annual municipal securities review of Stifel Nicolaus. Finally, Stifel Nicolaus is active in both SIFMA and the Bond Dealers of America

[2] Note of these individuals are the senior executives referred to in the factual admissions incorporated into the Final Judgment.

(BDA) so that it is apprised of regulatory proposals and developments, including their application to Stifel Nicolaus.

This team of professionals currently supports a Public Finance Department of 140 registered professionals operating from 26 locations throughout the United States, only 8 of whom (less than 6%) were with the department in 2006.

The factual admissions describe certain failures relating to due diligence on the underlying portfolios of the CDOs transactions, disclosure of the risks of the investments to the School Districts, and assessing the appropriateness of the CDO investments recommended to the School Districts. While as described above, investment bankers in the Public Finance Department do not advise municipal clients on investment decisions such as those made by the school districts in 2006 (except in the limited role noted above), it has strengthened its compliance in diligence, risk disclosure and suitability, as described below.

1) Due Diligence Procedures and Risk Disclosure. The Public Finance Department has extensive due diligence procedures, which are designed to uncover risks of transactions, so that those risks can be appropriately disclosed to investors, if Stifel is chosen as the underwriter or placement agent in a transaction. Extensive training has been conducted on those procedures, which were reviewed and approved by Stifel Nicolaus's independent MCDC consultant, Martha Haines, the former director of the SEC's Office of Municipal Securities. In her report, Ms. Haines characterized Stifel Nicolaus's due diligence procedures as "robust." Her recommendations for changes were principally of a clarifying nature, all of which were made. Stifel Nicolaus notes that its policies exceed regulatory requirements. For example, Stifel Nicolaus requires that its investment bankers who are providing municipal advisory services conduct due diligence, even though that has not been articulated as a requirement by either the SEC or the MSRB.

2) Suitability Analysis. As to the Public Finance Department's core business as underwriter, as currently conducted and described above, there is a Commitment Committee for transactions with an underwriting liability $25 million or more and/or transactions that are non-rated or below investment grade. In December 2016, the Committee will begin reviewing all underwritings by Stifel, regardless of size or rating. In addition, transactions that required approval of the Engagement Acceptance Committee will be reviewed by the Commitment Committee prior to pricing. The head of the Municipal Finance Group (of which Public Finance is a part, as noted above) chairs the committee. Other members of the committee include representatives of Taxable Fixed Income Capital Markets, Public Finance investment bankers, Municipal Research, and the Directors of Public Finance. Our General Counsel and Ms. Henry generally participate as well as legal advisors, although they are not voting members. The question of investor suitability is addressed during committee meetings, particularly in the case of non-rated transactions. The committee regularly requires new issues to have high minimum denominations and letters from investors acknowledging their financial sophistication and capability to withstand the risk of loss. The adequacy of risk disclosure in offering documents is a focus and frequent topic of discussion.

Stifel believes that these remedial measures, taken together, have significantly reduced risk that conduct similar to the conduct described in the factual admissions contained in Final Judgment will occur again. Accordingly, granting the waiver requested would be entirely consistent with the guidelines for relief as described in the introduction to the discussion above.

6. *Impact if the waiver is denied*

Stifel Nicolaus has a significant business as an underwriter of municipal securities issues. It frequently responds to requests for proposals, and the CDO transactions from 2006 are clearly disclosed, including recently serving as the senior underwriter for the State of Wisconsin for a significant transaction following a competitive RFP process and after full disclosure of the CDO transaction. Disqualification under Regulations A and D would significantly impair Stifel Nicolaus's ability to compete for and win this business, which would also have the impact on clients and potential clients who may otherwise desire to utilize Stifel Nicolaus's expertise in this area.

In addition, Stifel Nicolaus's disqualification from participating in transactions conducted pursuant to Rule 506 of Regulation D would have a material adverse impact on Stifel Nicolaus and its corporate finance clients that have retained, or would like to retain, Stifel Nicolaus in connection with Rule 506 offerings, as well as on the investors in these offerings. Currently, Stifel Nicolaus's investment banking business within its Institutional Group is engaged placement agent or financial advisor for its clients in six potential PIPE (private investment in public equity) offerings, with the aggregate offering size of these transactions anticipated to be over $180 million. In addition, the investment banking group is engaged as placement agent or financial advisor for its clients in 48 potential traditional private offerings for private companies, with the aggregate offering size of these transactions anticipated to be approximately $3.1 billion (note that certain of the transactions subject to engagements have not been sized at present).

Except as noted in the next paragraph, all of these PIPES and traditional private offerings will rely on the Rule 506 safe harbor (with the transactions involving non-U.S. issuers relying on the Rule 506 safe harbor to the extent of U.S. investors in those transactions). The transactions for both PIPES and traditional private placements generated fees in the aggregate of approximately $70.0 million, if all were completed at current anticipated levels.

If the waiver were denied, this would also have a material adverse impact on many, if not all, of Stifel Nicolaus's PIPE and private placement clients. The clients in most cases have spent significant resources themselves in bringing Stifel Nicolaus up to speed in due diligence, in terms of management time, and actual expenses, as many arrangements call for clients to reimbursement Stifel Nicolaus' out-of-pocket due diligence costs. Many clients are in the late or even final stages of their capital raising process, and the transactions would almost certainly be delayed if these clients were forced to select one or more new advisors. That delay would adversely affect their businesses, and, for clients with more immediate liquidity needs, could in some instances cause them to seek and obtain financing on much less favorable terms than completing the planned transaction with Stifel Nicolaus. In some instances, if market conditions changed significantly or if investor interest waned, the delay in switching advisors might mean that financing could not be obtained at all. Many

of the PIPE clients in particular are companies that Stifel Nicolaus has taken public; these companies typically have fewer follow-on options and their access to capital may be adversely affected by switching to an investment bank that does not have the deep knowledge of these companies developed by Stifel Nicolaus in the public offering process. Finally, Stifel Nicolaus is focused on its particular client base – middle market growth companies – and has developed a deep expertise in servicing that base. Clients who are forced to switch banks would lose the benefit of that deep expertise, which would adversely affect the execution of their private placement transactions, resulting in the likelihood that Stifel Nicolaus's clients would be forced to accept less advantageous terms or becoming unable to complete their offerings at all.

Although this amount of revenue is meaningful for Stifel Nicolaus, the ability to raise capital privately under Rule 506 is even more meaningful from a strategic standpoint. Stifel Nicolaus's investment banking group focuses on middle-market companies as well as on larger companies in targeted industries where it has particular expertise, which include real estate, financial services, healthcare, aerospace/defense and government services, telecommunications, transportation, energy, business services, consumer services, industrial, technology, and education. In connection with this business, it is imperative that Stifel Nicolaus be able to raise capital on behalf of, and advise, its clients in both the public offering markets and the private offering markets, including being able to raise money privately for public company clients in the PIPE markets. The ability to raise capital is also critical in the private equity and venture capital space, and to maintaining strong relationships with these firms. All of these relationships are critical in the development of strategic relationships with clients with clients in these sectors and thereby lead to future advisory or capital-raising opportunities. Over the past decade, a significant number of Stifel Nicolaus's private placement assignments have been followed by additional transactions or advisory assignments. For example, Stifel Nicolaus has had numerous instances in which a successful Rule 506 private capital raise for a client has led to an engagement to underwrite the client's IPO and subsequent follow-on offerings or an engagement to act as the client's M&A advisor.

Moreover, many of Stifel Nicolaus's clients require the flexibility to be able to conduct a private offering if market conditions warrant, and Stifel Nicolaus cannot effectively serve those clients if it is disqualified under Regulation A and D. Stifel Nicolaus, together with its affiliate, Keefe, Bruyette & Woods, is the largest provider of equity research and is the largest provider of small- and mid-cap coverage. Stifel Nicolaus's ability to maintain that level of research coverage, and thereby provide a valuable service to the market, is related to Stifel Nicolaus's ongoing ability to continue serve its clients, including particularly those clients who are small- and mid-cap companies.

If Stifel Nicolaus is unable to offer the full suite of fundraising services (including Rule 506 offerings), it will not be able to compete effectively against other investment banks in meeting the needs of its clients-in particular, its middle-market clients that may not be big enough to raise capital in a registered offering but present healthy businesses and attractive investment opportunities for its institutional and private client investors.

During any disqualification period resulting from the Final Judgment, Stifel Nicolaus would not be able to compete for or to continue working on engagements in which its clients or prospective

clients choose or are advised to conduct their offerings in reliance on Rule 506, or to secure engagements as a result of its relationships with private equity and venture capital firms. As market practice favors the use of Rule 506 because it provides issuers and market participants with the benefit of a safe harbor, any inability of Stifel Nicolaus to participate in Rule 506 offerings could lead to the loss of numerous private placement opportunities. Stifel Nicolaus's lost opportunities are not limited solely to any fees Stifel Nicolaus would have earned in connection with such engagements, but also include the missed chances to develop strategic relationships with clients. In addition, it is possible that some of Stifel Nicolaus's employees who participate in Rule 506 offerings could seek employment elsewhere so that they can continue to serve clients, and their clients could leave with them.

As to Regulation A, although Stifel Nicolaus's clients historically had not relied on Regulation A because of the previous $5 million limit on the amount of capital that could be raised prior to June 19, 2015, with a higher limit of $50 million it is reasonably likely that Stifel Nicolaus's clients may want to consider relying on Regulation A to raise capital. For example, Stifel Nicolaus has served as a placement agent on 38 private placements that raised $50 million or less. These offerings could now be conducted pursuant to Regulation A, and it is entirely possible that such a market may develop during the period of any disqualification.

For companies in Stifel Nicolaus's core area of investment banking expertise, Regulation A+ is a potentially attractive alternative to registration. If an active market for Regulation A offerings continues to develop, then Stifel Nicolaus's disqualification from participating in these offerings will have a material adverse impact on Stifel Nicolaus and its corporate finance clients that would like to retain Stifel Nicolaus in connection with Regulation A offerings.

* * * * *

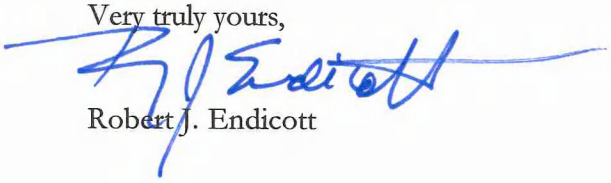
Disclosure of Written Description of Final Judgment to Investors For a period of five years from the date of the Final Judgment, Stifel Nicolaus will furnish (or cause to be furnished) to each purchaser in a Rule 506 offering that would otherwise be subject to the disqualification under Rule 506(d)(l)(ii) as a result of the Final Judgment, a description in writing of the Final Judgment a reasonable time prior to sale.

* * * * *

In light of the grounds for relief discussed above, we believe that disqualification is not necessary under the circumstances and that Stifel Nicolaus has shown good cause that relief should be granted. Accordingly, we respectfully urge the Commission, or the Staff of the Division of Corporation Finance pursuant to the delegation of authority by the Commission, to waive the disqualification provisions in Regulation A and Rule 506 of Regulation D, pursuant to Rule 262 of Regulation A and Rule 506(d)(2)(ii) of Regulation D, to the extent they may be applicable as a result of the entry of the Final Judgment as to Stifel Nicolaus.

Please do not hesitate to call me at the number listed above if you have any questions.

Very truly yours,



Robert J. Endicott