



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

May 31, 2006

Joseph D. Edmondson, Jr., Esq.
Foley & Lardner LLP
3000 K Street, N.W., Suite 500
Washington, D.C. 20007

**Re: RBC Dain Rauscher Inc., Administrative Proceeding File No. 3-12310—Waiver
Request under Regulation A and Rule 505 of Regulation D**

Dear Mr. Edmondson:

This is in response to your letter dated today, written on behalf of RBC Dain Rauscher Inc. ("RBC Dain") and constituting an application for relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933 ("Securities Act"). You requested relief from disqualifications from exemptions available under Regulation A and Rule 505 of Regulation D that arose by virtue of the entry of an order dated today against RBC Dain and others as respondents by the Securities and Exchange Commission in the referenced administrative proceeding (the "Order"). The disqualifications arose because the Order was issued under Section 15(b) of the Securities Exchange Act of 1934 and contained paragraphs numbered IV.D and IV.E, which ordered RBC Dain, among other things, to provide written descriptions of its material auction practices and procedures for auction rate securities. The order also was issued under Section 8A of the Securities Act and also censured RBC Dain, ordered RBC Dain to cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act, and ordered RBC Dain to pay a civil money penalty in the amount of \$1,500,000.

For purposes of this letter, we have assumed as facts the representations set forth in your letter and the findings supporting entry of the Order against RBC Dain. We have also assumed that RBC Dain has complied and will continue to comply with the Order.

On the basis of your letter, I have determined that RBC Dain has made a showing of good cause under Rule 262 and Rule 505(b)(2)(iii)(C) that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 of Regulation D by reason of entry of the Order against RBC Dain. Accordingly, pursuant to delegated authority, RBC Dain is granted relief from any disqualifications from exemptions otherwise available under Regulation A and Rule 505 of Regulation D that arose as a result of entry of the Order against it.

Very truly yours,

Gerald J. Laporte
Chief, Office of Small Business Policy

May 31, 2006

Via Email and Hand Delivery

Gerald J. Laporte, Esq.
Chief, Office of Small Business Policy
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: In the Matter of Certain Auction Practices (HO-09954)
(Waiver Request of RBC Dain Rauscher Inc.)

Dear Mr. Laporte:

We submit this letter on behalf of our client RBC Dain Rauscher, Inc. ("RBC Dain") in connection with an Offer of Settlement (the "Settlement") in the above-referenced investigation by the Securities and Exchange Commission (the "Commission") into certain practices of RBC Dain and other broker-dealers regarding offerings of auction rate securities that allegedly violated Section 17(a)(2) of the Securities Act of 1933 (the "Securities Act").

RBC Dain requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D of the Commission promulgated under the Securities Act of 1933 (the "Securities Act"), a waiver of any disqualification from exemptions under Regulation A and Rule 505 of Regulation D that may be applicable to RBC Dain or any of its affiliates as a result of the entry of the Commission order described below. RBC Dain requests that these waivers be granted effective upon entry of such order by the Commission. It is RBC Dain's understanding that the Staff of the Division of Enforcement does not object to the grant of the requested waivers by the Division of Corporate Finance.

BACKGROUND

The Staff of the Division of Enforcement have engaged in settlement discussions with RBC Dain in connection with the investigation described above. As a result of these discussions, RBC Dain has submitted an Offer of Settlement. In this Offer of Settlement, solely for the purpose of the above-captioned proceeding and any other proceedings brought by or on behalf of the Commission or to which the Commission is a party, RBC Dain has consented to the entry by the Commission of an Order Instituting Administrative and Cease-And-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act Of 1933 and Section 15(b) of the Securities Exchange Act of 1934 (the "Order"), without

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admitting or denying the matters set forth therein (other than those relating to the jurisdiction of the Commission).

In that Order, the Commission makes findings, without admission or denial by RBC Dain, that it violated Section 17(a)(2) of the Securities Act – specifically that RBC Dain and thirteen other settling firms engaged in one or more of several allegedly violative practices surrounding the issuance of auction-rate securities including: supplying missing bid parameters missing from open bids and/or the rate for market bids, intervening in auctions by bidding for their proprietary accounts or asking customers to make or change orders, changing or “prioritizing” their customers’ bids to increase the likelihood that the bids would be filled, submitting or revising bids after deadlines, exercising discretion in allocating securities to investors who bid at the clearing rate instead of allocating the securities pro rata as stated in the disclosure documents, not requiring certain customers to follow through with bids in oversubscribed situations, providing higher returns than the auction clearing rate to certain customers, and providing different “price talk” (the broker-dealer’s estimate of the likely range within which an auction will clear) to certain customers. Additionally, the Order requires that RBC Dain cease and desist from committing or causing any violations or future violations of the referenced provisions, pay a civil money penalty of \$1,500,000 to the United States Treasury, and comply with undertakings specified in the Order.

DISCUSSION

RBC Dain understands that the entry of the Order may disqualify it and its affiliated entities from participating in certain offerings otherwise exempt under Regulation A and Rule 505 of Regulation D promulgated under the Securities Act, insofar as the Order may be deemed to cause RBC Dain to be subject to an order of the Commission pursuant to Section 15(b) of the Exchange Act. The Commission has the authority to waive the Regulation A and Rule 505 of Regulation 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 230.505(b)(2)(iii)(C).¹

For the following reasons, RBC Dain requests that the Commission waive any disqualifying effect that the Order may have on it, or any of its affiliates, based on a determination that it is not necessary under the circumstances that such exemptions under Regulation A and Rule 505 of Regulation D be denied.

¹ We note in support of this request that the Commission has in other instances granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D for similar reasons. *See, e.g., UBS Securities, LLC*, S.E.C. No-Action Letter (pub. avail. Oct. 31, 2003) (charges including Section 17(b) of the Securities Act); *U.S. Bancorp Piper Jaffray, Inc.*, S.E.C. No-Action Letter (pub. avail. Oct. 31, 2003) (charges including Section 17(b) of the Securities Act). *See also Credit Suisse First Boston Corporation*, S.E.C. No-Action Letter (pub. avail. Jan. 29, 2002); *Dain Rauscher, Incorporated*, S.E.C. No-Action Letter (pub. avail. Sept. 27, 2001); *Legg Mason Wood Walker, Incorporated*, S.E.C. No-Action Letter (pub. avail. June 11, 2001); *In the Matter of Certain Market-Making Activities on NASDAQ*, S.E.C. No-Action Letter (pub. avail. Jan. 11, 1999); *Stephens Incorporated*, S.E.C. No-Action Letter (pub. avail. Nov. 23, 1998).

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1. RBC Dain's conduct addressed in the Order does not relate to offerings under Regulation A or D.

2. RBC Dain has undertaken to implement certain reforms in a manner reasonably designed to ensure compliance with the regulatory requirements that are the subject of the Order.

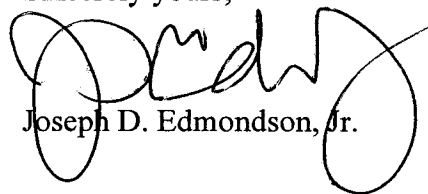
3. The disqualification of RBC Dain from the exemptions available under Regulation A and Rule 505 of Regulation D would, we believe, have an unduly adverse impact on third parties that have retained RBC Dain and its affiliates in connection with transactions that rely on these exemptions.

4. The disqualifications would be unduly and disproportionately severe given: (i) the lack of any relationship between the violations addressed in the Order and any Regulation A or D related activity conducted by RBC Dain; and (ii) the fact that the Commission staff has negotiated a settlement with RBC Dain and reached a satisfactory conclusion to this matter that includes a cease and desist order, together with the payment of a substantial civil money penalty and compliance with undertakings.

In light of the foregoing, we believe that disqualification is not necessary in the public interest or for the protection of investors, and that RBC Dain has shown good cause that relief should be granted. Accordingly, we respectfully request a waiver of the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent that they may be applicable to RBC Dain or any of its affiliates as a result of the entry of the Order.

Please do not hesitate to contact the undersigned at 202-672-5354, if you have any questions regarding this request.

Sincerely yours,



Joseph D. Edmondson, Jr.

cc: Dean Jeske, Esq.