



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

DIVISION OF
CORPORATION FINANCE

March 16, 2006

Mr. Dennis J. Block
Cadwalader, Wickersham & Taft LLP
One World Financial Center
New York, NY 10281

Re: **In the Matter of Bear, Stearns & Co. Inc. and Bear, Stearns Securities Corp, NY-7292 – Waiver Request of Ineligible Issuer Status under Rule 405 of the Securities Act**

Dear Mr. Block:

This is in response to your letter dated March 10, 2006, written on behalf of Bear Stearns Companies, Inc. (Company), and constituting an application for relief from the Company being considered an “ineligible issuer” under Rule 405(1)(vi) of the Securities Act of 1933 (Securities Act). The Company requests relief from being considered an “ineligible issuer” under Rule 405(1)(vi), due to the entry on March 16, 2006, of a Commission order (Order), naming Bear Stearns & Co., Inc (BS&Co.) and Bear Stearns Securities Corp. (BSSC), subsidiaries of the Company, as respondents. The Order, among other things, finds that BS&Co. and BSSC willfully violated, and orders BS&Co. and BSSC to cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act.

Based on the facts and representations in your letter, and assuming the Company, BS&Co. and BSSC will comply with the Order, the Commission, pursuant to delegated authority has determined that the Company has made a showing of good cause under Rule 405(2) and that the Company will not be considered an ineligible issuer by reason of the entry of the Order. Specifically, we determined under these facts and representations that the Company has shown that the terms of the Order were agreed to in a settlement prior to December 1, 2005. Accordingly, the relief described above from the Company being an ineligible issuer under Rule 405 of the Securities Act is hereby granted. Any different facts from those represented or non-compliance with the Order might require us to reach a different conclusion.

Sincerely,

Mary Kosterlitz
Chief, Office of Enforcement Liaison
Division of Corporation Finance

March 10, 2006

FEDERAL EXPRESS

Mary Kosterlitz, Chief
Office of Enforcement Liaison
Division of Corporation Finance, Stop 3628
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: In the Matter of Bear, Stearns & Co. Inc. and Bear, Stearns Securities Corp.;
File No. NY-7292

Dear Ms. Kosterlitz:

We submit this letter on behalf of our client, The Bear Stearns Companies Inc. ("TBSCI"), in connection with a settlement agreement involving two of its subsidiaries, Bear, Stearns & Co. Inc. ("BS&Co.") and Bear, Stearns Securities Corp. ("BSSC"), arising out of an investigation by the Securities and Exchange Commission (the "Commission") into two types of mutual fund trading practices.

TBSCI requests below, pursuant to Rule 405 promulgated under the Securities Act of 1933 (the "Securities Act"), that the Commission determine, for good cause shown, that it is not necessary under the circumstances that TBSCI be considered an "ineligible issuer" for purposes of Rule 405 as a result of the entry of the Order (as defined below).¹ TBSCI is an active issuer of publicly-traded debt and equity securities and currently qualifies as a "well-known seasoned issuer," as defined in Rule 405, because: (i) it meets all of the registrant requirements of General Instruction I.A. of Form S-3; and (ii) the worldwide market value of its outstanding voting and non-voting common equity held by non-affiliates is substantially in excess of \$700 million. TBSCI accesses the capital markets on an ongoing basis, with shelf registrations currently in place for primary offerings of its medium term notes and other debt securities, as well as for primary offerings of preferred stock and warrants. TBSCI requests that the determination requested herein be granted effective upon entry of the Order. It is our

¹ We understand that the Commission has delegated authority to the Division of Corporation Finance to make such determinations on its behalf.

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understanding that the Division of Enforcement does not object to the Commission providing the requested determination.

BACKGROUND

BS&Co. and BSSC have each engaged in settlement discussions with respect to the above-captioned proceeding, which will be brought pursuant to Section 8A of the Securities Act, Sections 15(b) and 21C of the Securities Exchange Act of 1934 (the "Exchange Act") and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (the "Investment Company Act"). As a result of these discussions, BS&Co. and BSSC have each submitted an Offer of Settlement (collectively, the "Offers"), which the Division of Enforcement will recommend for acceptance by the Commission. In the Offers, BS&Co. and BSSC, 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, and without admitting or denying the findings set forth therein (except as to the Commission's jurisdiction over them and the subject matter of the proceedings), will consent to the entry of an Order (the "Order").

Under the Order, the Commission would make findings, without admission or denial by BS&Co. and BSSC, that:

- (1) BSSC willfully violated, willfully aided and abetted, and caused violations of Section 17(a) of the Securities Act;
- (2) BS&Co. willfully violated, willfully aided and abetted, and caused violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;
- (3) BS&Co. and BSSC each willfully violated, willfully aided and abetted, and caused violations of Section 15(c) of the Exchange Act and Rule 15c1-2 thereunder;
- (4) BSSC willfully violated Rule 22c-1(a), as adopted under Section 22(c) of the Investment Company Act, and BS&Co. willfully aided and abetted, and caused BSSC's violations of Rule 22c-1(a); and
- (5) BS&Co. and BSSC each violated, willfully aided and abetted, and caused violations of Section 17(a) of the Exchange Act and Rule 17a-3(a)(6) thereunder.

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Based upon these findings, the Order would: (1) censure BS&Co. and BSSC; (2) require BS&Co. and BSSC to cease and desist from committing or causing any present or future violations of Section 17(a) of the Securities Act, Sections 15(c) and 17(a) of the Exchange Act and Rules 15c1-2 and 17a-3(a)(6) thereunder and Rule 22c-1(a) under the Investment Company Act; and (3) require BS&Co. to cease and desist from committing or causing any present or future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The Order also would require: (1) BS&Co. and BSSC to pay, on a joint and several basis, disgorgement in the amount of \$160 million and civil money penalties in the amount of \$90 million, for a total amount of \$250 million; and (2) BS&Co. and BSSC to comply with certain undertakings (the "Undertakings"), including that: (i) BSSC and BS&Co. each retain an Independent Compliance Consultant; (ii) BSSC provide effective training and education to certain directors, officers and employees; (iii) BSSC maintain a compliance and oversight infrastructure that has certain specified characteristics; and (iv) BS&Co. and BSSC establish a Compliance Hotline.

DISCUSSION

TBSCI understands that the entry of the Order could cause it to be an "ineligible issuer" for purposes of Rule 405 and thus disqualify it from being a "well-known seasoned issuer" for purposes of that Rule. If TBSCI were an "ineligible issuer," it would become ineligible to use automatic shelf registration, as permitted by Form S-3 and the Instructions thereto. It also would be unable to effect communications in reliance upon Rule 163 under the Securities Act and to utilize "free writing prospectuses" in the liberal manner otherwise permitted by Rules 164 and 433 under the Securities Act. These disqualifications would arise insofar as the Order may be deemed to cause BS&Co. and BSSC to be the subject of any "administrative decree or order arising out of a governmental action that: (A) [p]rohibits certain conduct or activities regarding, including future violations of, the antifraud provisions of the federal securities laws; (B) [r]equires that the person cease and desist from violating the antifraud provisions of the federal securities laws; or (C) [d]etermines that the person violated the antifraud provisions of the federal securities laws." The term "ineligible issuer" does not include, however, decrees or orders "agreed to in a settlement" prior to December 1, 2005. Moreover, under Rule 405, the Commission has the authority to determine, upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an "ineligible issuer." TBSCI requests, on the following grounds, that the Commission make the foregoing determination:

1. The Commission's Division of Enforcement and BS&Co. and BSSC agreed in principle to a settlement substantially prior to December 1, 2005; and BS&Co. and BSSC submitted an executed Offer of Settlement dated November 17, 2005. The Division of

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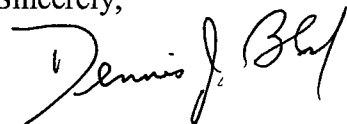
Enforcement staff requested non-substantive changes in that Offer of Settlement, as a result of which BS&Co. and BSSC executed a revised Offer of Settlement on February 2, 2006.

2. Under those circumstances, we believe TBSCI should be treated as if the terms of the Order were "agreed to in a settlement" prior to December 1, 2005; and TBSCI accordingly should be determined not to be an "ineligible issuer" within the meaning of Rule 405.

In light of the foregoing, we believe that the Order was "agreed to in a settlement" prior to December 1, 2005. We also believe that applying "ineligible issuer" status to TBSCI is not necessary, in the public interest or for the protection of investors, and that TBSCI has shown good cause that relief should be granted. Accordingly, we respectfully request that the Commission determine, effective upon entry of the Order, that it is not necessary under the circumstances that TBSCI be considered an "ineligible issuer."

If you have any questions regarding this request, please contact the undersigned at 212/504-5555.

Sincerely,



Dennis J. Block