



DIVISION OF
CORPORATION FINANCE

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

August 28, 2006

Neal E. Sullivan, Esq.
Bingham McCutchen LLP
3000 K Street, N.W.
Washington, DC 20007

Re: In the Matter of Prudential Equity Group, LLC, formerly known as Prudential Securities Incorporated, Administrative Proceeding File No. 3-12400—Waiver Request under Regulation A and Rule 505 of Regulation D

Dear Mr. Sullivan:

This is in response to your letter dated August 24, 2006, written on behalf of Prudential Equity Group, LLC, formerly known as Prudential Securities Incorporated (“Prudential”), 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. You requested relief from disqualifications from exemptions available under Regulation A and Rule 505 of Regulation D that may have arisen by virtue of the issuance of SEC Release 34-54371, an order dated August 28, 2006 under Section 15(b) of the Securities Exchange Act of 1934 against Prudential by the Securities and Exchange Commission in the referenced administrative proceeding (the “Order”).

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 Prudential. We have also assumed that Prudential has complied and will continue to comply with the Order.

On the basis of your letter, I have determined that Prudential 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 Prudential. Accordingly, pursuant to delegated authority, Prudential is granted relief from any disqualifications from exemptions otherwise available under Regulation A and Rule 505 of Regulation D that may have arisen as a result of entry of the Order against it.

Very truly yours,

Gerald J. Laporte
Chief, Office of Small Business Policy

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August 24, 2006

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Via 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., 3rd Floor
 Washington, D.C. 20549-3628

Re: In the Matter of Prudential Securities, Inc. (B-01992)

Dear Mr. Laporte:

Boston
 Hartford
 London
 Los Angeles
 New York
 Orange County
 San Francisco
 Silicon Valley
 Tokyo
 Walnut Creek
 Washington

This letter is submitted on behalf of our client, Prudential Equity Group, LLC ("PEG"), successor in interest to Prudential Securities, Inc., the settling respondent in administrative proceedings arising out of the above-captioned investigation. PEG hereby requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D of the Securities and Exchange Commission (the "Commission") promulgated under the Securities Act of 1933 (the "Securities Act"), waivers of any disqualifications from exemptions under Regulation A and Rule 505 of Regulation D that may be applicable to PEG as a result of the entry of an Order Instituting Administrative Proceedings, Making Findings, and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (the "Order"), which is described below. PEG requests that these waivers be granted effective upon the entry of the Order. It is our understanding that the Division of Enforcement does not object to the grant of the requested waivers.

BACKGROUND

The staff of the Commission (the "Staff") engaged in settlement discussions with PEG in connection with the administrative proceedings arising out of the above-captioned investigation, which were brought pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act"). As a result of these discussions, PEG submitted an Offer of Settlement (the "Offer") that was presented by the Staff to the Commission.

In the Offer, solely for the purpose of proceedings brought by or on behalf of the Commission or to which the Commission is a party, PEG agreed to consent to the entry of the Order, without admitting or denying the findings contained therein (other than those relating to the jurisdiction of the Commission, which are admitted). The Order addresses market timing involving mutual fund shares and finds that PEG willfully

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violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, by engaging in fraudulent conduct in the offer or sale of securities or in connection with the purchase or sale of securities, and Section 17(a) of the Exchange Act and Rules 17a-3 and 17a-4 thereunder, by failing to make and keep required books and records. Under the Order, the Commission will make findings, without admission or denial by PEG, that PEG violated Section 17(a) of the Securities Act, Sections 10(b) and 17(a) of the Exchange Act and Rules 17a-3 and 17a-4 thereunder. Additionally, the Order will censure PEG, require PEG to comply with undertakings in the Order, and pay disgorgement of \$270 million.

DISCUSSION

PEG understands that the entry of the Order may disqualify it, affiliated entities, and other issuers from certain exemptions under Regulation A and Rule 505 of Regulation D promulgated under the Securities Act, insofar as the Order causes PEG to be subject to an order of the Commission entered pursuant to Section 15(b) of the Exchange Act. PEG is concerned that, should it be deemed to be a general partner, promoter, or underwriter of the securities of an "issuer" for the purposes of Securities Act Rule 262(b)(3), PEG, its issuer affiliates, and other issuers with which it is associated in one of those listed capacities and which rely upon or may rely upon these offering exemptions when issuing securities would be prohibited from doing so. The Commission has the authority to waive the Regulations 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 230.505(b)(2)(iii)(C).

PEG respectfully requests that the Commission waive any disqualifying effects that the Order has under Regulation A and Rule 505 of Regulation D with respect to PEG on the following grounds:

1. PEG's conduct addressed in the Order does not pertain to Regulation A or D.
2. The disqualification of PEG from the exemptions under Regulations A and Rule 505 of Regulation D would be unduly and disproportionately severe given the nature of the violations addressed in the Order and the extent to which disqualification may affect the business operations of PEG by impairing its ability to issue securities pursuant to these exemptions to raise new capital or for other purposes. In addition, the disqualification of PEG from the regulatory exemptions may place PEG at a competitive disadvantage with respect to third parties that might seek to invest in securities that rely on the regulatory exemptions.
3. Waiver of the disqualification of PEG from the exemptions under Regulation A and Rule 505 of Regulation D would be appropriate, given that: (a) the Order relates to activities that are addressed in the administrative proceedings; and (b) the Staff has negotiated a settlement with PEG and reached a satisfactory conclusion to this matter that will require PEG to pay disgorgement

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and to undertake various remedial measures to ensure compliance with the federal securities laws relating to mutual fund trading practices.

In light of the grounds for relief discussed above, we believe that disqualification is not necessary, in the public interest, or for the protection of investors, and that PEG has shown good cause that relief should be granted. Accordingly, we respectfully urge the Commission to waive, effective upon the entry of the Order, the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent they may be applicable to PEG as a result of the entry of the Order.¹

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If you have any questions regarding this request, please contact me at (202) 373-6159.

Sincerely yours,



Neal E. Sullivan

cc: Stephen Shine, Esq.

¹ We note in support of this request that the Commission has granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D for similar reasons. *See, e.g.*, Sybaris Clubs Int'l, Inc., S.E.C. No-Action Letter (pub. avail. July 1, 1996); The Cooper Companies, Inc., S.E.C. No-Action Letter (pub. avail. Dec. 20, 1994); Michigan Nat'l Corp., S.E.C. No-Action Letter (pub. avail. Dec. 17, 1993); General Electric Co., S.E.C. No-Action Letter (pub. avail. May 24, 1988); *see also* Prudential Securities Inc., S.E.C. No-Action Letter (pub. avail. July 10, 2003); 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); Prudential Securities Inc., S.E.C. No-Action Letter (pub. avail. Jan 29, 2001).