



DIVISION OF
CORPORATION FINANCE

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

May 31, 2006

Henry F. Minnerop, Esq.
Sidley Austin LLP
787 Seventh Avenue
New York, NY 10019

Re: In the Matter of Bear, Stearns & Co. Inc., Administrative Proceeding File No. 3-12310—Waiver Request under Regulation A and Rule 505 of Regulation D

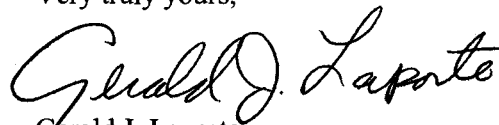
Dear Mr. Minnerop:

This is in response to your letter dated today, written on behalf of Bear, Stearns & Co. Inc. ("Bear Stearns") 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 Bear Stearns 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 Bear Stearns, 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 Bear Stearns, ordered Bear Stearns 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 Bear Stearns 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 Bear Stearns. We have also assumed that Bear Stearns has complied and will continue to comply with the Order.

On the basis of your letter, I have determined that Bear Stearns 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 Bear Stearns. Accordingly, pursuant to delegated authority, Bear Stearns 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



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May 31, 2006

By Federal Express

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. 20549-3628

Re: In the Matter of Certain Auction Practices,
File No. HO-09954 (Bear, Stearns & Co. Inc.)

Dear Mr. Laporte:

We submit this letter on behalf of our client, Bear, Stearns & Co. Inc. ("BS&Co."), in connection with an administrative settlement arising out of an investigation by the U.S. Securities and Exchange Commission (the "Commission") into certain auction rate securities practices at BS&Co. and several other broker-dealer firms.

BS&Co. below 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 BS&Co. and any of its affiliates as a result of the entry of the Order (as defined below) and any related disqualifying order, judgment or decree of a state or territorial court addressing the same conduct as is addressed in the Order. BS&Co. also requests that these waivers be granted effective upon entry of the Order. It is our understanding that the Division of Enforcement does not object to the grant of the requested waivers by the Commission, or an individual Commission employee to whom appropriate authority has been delegated in accordance with 17 C.F.R. § 200.30-1.

BACKGROUND

As a result of settlement discussions with the Staff, BS&Co. submitted an Offer of Settlement. Without admitting or denying the findings therein, except as to jurisdiction, and solely for the purpose of proceedings brought by or on behalf of the Commission, or in which the Commission is a party, BS&Co. consented to the entry 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"). The Order requires BS&Co. to cease and desist from committing or causing any present or future violations of Section 17(a)(2) of the Securities Act, to pay a civil money penalty of \$1.5 million and to comply with certain undertakings relating to the matters addressed in the Order.

DISCUSSION

BS&Co. understands that the entry of the Order could 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 BS&Co. to be subject to an order of the Commission entered pursuant to section 15(b), 15B(a), or 15B(c) of the Securities Exchange Act. The Commission, or an individual Commission employee to whom appropriate authority has been delegated in accordance with 17 C.F.R. § 200.30-1, 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). BS&Co. requests, on the following grounds, that the Commission, or an individual Commission employee to whom appropriate authority has been delegated in accordance with 17 C.F.R. § 200.30-1, waive any disqualifying effects that the Order may have under Regulation A and Rule 505 of Regulation D with respect to BS&Co. or its affiliates:

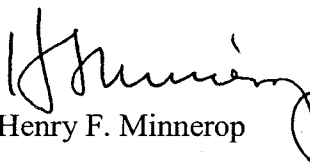
1. BS&Co.'s conduct addressed in the Order does not relate to offerings under Regulation A or Regulation D.
2. BS&Co. will undertake or has undertaken to improve and enhance its compliance and surveillance policies and procedures in a manner reasonably designed to ensure compliance with the provisions of the Order.
3. The disqualification of BS&Co. from the exemptions under Regulation A and Rule 505 of Regulation D would, we believe, have an adverse impact on third parties that have or may retain BS&Co. and its affiliates in connection with transactions that rely upon these exemptions.
4. The disqualification of BS&Co. and its affiliates from the exemptions available under Regulation A and Rule 505 of Regulation D would be unduly and disproportionately severe, given that: (i) the Order relates to activity that has already been or will be addressed by BS&Co. pursuant to the Order and the undertakings set forth in the Order; and (ii) the Commission Staff negotiated a settlement with BS&Co. and reached a satisfactory conclusion to this matter that required BS&Co. to pay \$1.5 million in settlement of the matter addressed in the Order and required BS&Co. and to comply with the other undertakings set forth in the Order.

In light of the foregoing, we believe that disqualification is not necessary, in the public interest, or for the protection of investors, and that BS&Co. has shown good cause that relief should be granted. Accordingly, we respectfully request the Commission, or an individual Commission employee to whom appropriate authority has been delegated in accordance with 17

C.F.R. § 200.30-1, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D, to waive, effective upon entry of the Order or any related disqualifying order, judgment or decree of a U.S. state or territorial court based on the same facts and addressing the same conduct as is addressed in the Order, the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent they may be applicable to BS&Co. and any of its affiliates as a result of the entry of the Order.¹

If you have any questions regarding this request, please contact the undersigned at 212-839-5555.

Sincerely,



Henry F. Minnerop

cc: Andrew Sporkin, Esq., Division of Enforcement

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., 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*, S.E.C. No-Action Letter (pub. avail. Jan. 11, 1999); and *Stephens Incorporated*, S.E.C. No-Action Letter (pub. avail. Nov. 23, 1998).