July 10, 2007

Mail Stop 4561

Mr. Michael J. Smith Chief Executive Officer and Chief Financial Officer Cathay Merchant Group, Inc. Unit 803, Dina House Ruttonjee Centre 11 Duddell Street Central, Hong Kong SAR, China

Re: Cathay Merchant Group, Inc. Form 10-KSB for the period ended July 31, 2005 Form 10-KSB for the period ended December 31, 2006 Form 10-KSB/A for the period ended December 31, 2006 File No. 001-16283

Dear Mr. Smith:

We have completed our review of your Form 10-KSB and related filings and have no further comments at this time.

Sincerely,

John P. Nolan Accounting Branch Chief

CC: Cam McTavish, Clark Wilson LLP; Via facsimile (604) 687-6314