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March 28, 1972

REC'D - S.E.O.

MAR 28 1972

Neal S. McCoy, Esq.
Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
Washington, D.C.

Re: Interpretation of Paragraph (e)(3)(B)
of Rule 144 under Securities Act of
1933 as Amended

Dear Mr. McCoy:

I have been asked by a client for an opinion concerning the sale of restricted securities by a pledgee of a person not an affiliate of the issuer of the subject securities.

In reading paragraph (e) of Rule 144 and particularly subparagraph (3)(B) thereof, I have difficulty interpreting the clause "or for the account of a purchaser of the pledged securities."

① If pursuant to a pledge agreement a pledgee sells the subject securities directly in an unsolicited broker's transaction, must any subsequent sales of the same securities by the purchaser be taken into account in determining the maximum amount of securities which may be subsequently sold by the pledgee and the pledgor? Or does the clause "or for the account of the purchaser of the pledged securities" only apply with respect to securities acquired in a private sale, to a purchaser, by a pledgee under the pledge arrangement? Is it permissible for a pledgee to sell shares in a private transaction pursuant to the pledge arrangement, provided the purchaser agrees to be bound by the selling limitations contained in paragraph (e)(3)(B), and, if so, would the

Handwritten notes:
This is a private sale...
Is it permissible for a pledgee to sell shares in a private transaction pursuant to the pledge arrangement, provided the purchaser agrees to be bound by the selling limitations contained in paragraph (e)(3)(B), and, if so, would the

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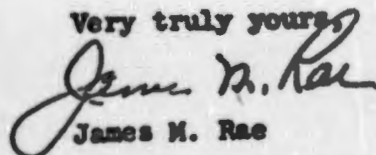
Neal S. McCoy, Esq.

2

March 24, 1972

purchaser be able to include in his holding period for
purposes of Rule 144 the time during which the securities
were held by the pledgee and pledgor?

Very truly yours,

A handwritten signature in cursive script that reads "James M. Rae".

James M. Rae