

Boettcher & Company

828 Seventeenth Street, P.O. Box 54

Denver, Colorado 80201

TELEPHONE(303) 629-2020

December 21, 1977

Mr. Robert L. Smith

Securities & Exchange Commission

Division of Market Regulation

500 North Capitol Street

Washington, D.C. 20549

Dear Mr. Smith:

As a matter of information, we wish to advise you that we will be taking gold and/or silver warehouse receipts and/or futures contracts in those commodities as collateral for Secured Demand Notes. We will apply a 30% haircut to the market value of the gold and/or silver in computing the value for the collateral. In addition, we will comply with the New York Stock Exchange, Inc. Interpretation No. 76-4 relating to control and insurance for gold and silver bullion.

If you have any questions regarding our plans or I can answer any questions, do not hesitate to call.

Very truly yours,

BOETTCHER & COMPANY

Stanley R. Fallis

General Partner

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Mr. Stanley R. Fallis

General Partner

Boettcher & Company

828 Seventeenth Street

P.O. Box 54

Denver, Colorado 80201

Dear Mr. Fallis:

This is in response to your recent correspondence on behalf of Boettcher & Company, concerning your intention to take gold and/or silver warehouse receipts and/or futures contracts in those commodities as collateral for Secured Demand Notes.

Rule 15c3-19(b)(6), (17 CFR 240.15c3-1d(b)(6)) of the Securities Exchange Act of 1934 states in pertinent part that: "only cash and securities which are fully paid for and which may be publicly offered or sold without registration under the Securities Exchange Act of 1933, and the offer, sale and transfer of which are not otherwise restricted, may be pledged as collateral to secure a secured demand note."

As your letter did not state any circumstances that would exempt you from the requirements of Rule 15c3-1d(b)(6), it would appear that any collateral accepted by you for secured demand notes must be limited in the manner described here in above.

Please contact us if we may be of further assistance to you in this matter.

Sincerely,

James G. Moody

Attorney Advisor