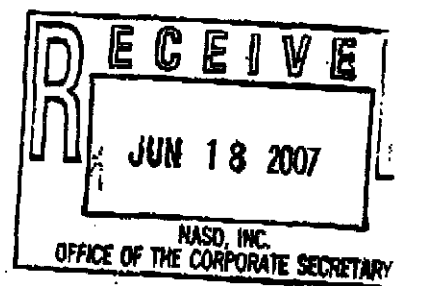


LEC INVESTMENT CORP.
505 North 20th Street, Suite 1015
Birmingham, Alabama 35203
205-328-3120

June 14, 2007



Barbara Z. Sweeney
Office of the Corporate Secretary
NASD
1735 K Street, NW
Washington, DC 20006-1506

Dear Ms. Sweeney:

We wish to comment on that part of Proposed Rule 2721 that sets forth the test of whether a member's affiliated issuer that is a partnership is a "control entity." Under Proposed Rule 2721, a partnership would be a control entity of a member if that partnership controls, is controlled by or is under common control with a member or its associated persons. Because control is defined to mean the right to more than 50 percent of the distributable profits or losses of partnership, a member would be deemed to be under common control with an issuer partnership if associated persons of a member have a right to more than 50 percent of that partnership's profits or losses. We submit that the test is problematic if it is applied at the OUTSET of an offering - as opposed to the completion of an offering.

We are a small firm that only participates in offerings of real estate development partnerships formed by our associated persons. Our clients are strictly accredited investors who have profited handsomely from participating in our developments. Our partnerships typically are organized so that, through an affiliate, we are in control (as defined in the Proposed Rule) at the outset of the offering, but we will not be in control at the termination of that offering. If this rule goes into effect as currently drafted and without clarification that the test is to be applied only upon completion of the issuer partnership's offering, the expense of the offerings (which is borne by the investor) would increase dramatically. In addition, smaller transactions and those requiring immediate funding would no longer be viable as a typical accredited offering.

The burdens on small firms underwriting modest offerings (those under \$5,000,000) are already extreme. Please do not add to that burden with this proposed regulation. (We would suggest that you strongly consider the unintended consequences of this proposed regulation - that is a reduction in the number of small real estate and venture capital offerings that are available to the investing public.)

If you must proceed with this proposed regulation, PLEASE give strong consideration to specifically requiring that the 50 percent of distributable profits or losses test be applied only at the COMPLETION of an offering.

Thank you.

LEC Investment Corp.

A handwritten signature in dark ink, appearing to read "Alan Z. Engel".

Alan Z. Engel,
President

AZE/jb