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Office of the CEO
311 South Wacker Dr.
48th Floor
Chicago, IL 60606
877-4-ENTREX
swatkins@entrex.net

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Sent Via Fax & United States Mail

Henry M. Paulson, Jr., Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220
Fax: (202) 622-6415

Re: June 27, 2007 Press Release – “Paulson Announces Next Steps to Bolster US Markets Global Competitiveness”

Secretary Paulson,

Entrex, as the definitive subject matter expert on the evolution of a private company market—serving the interests of information distribution and capital access of non-public companies—offers these comments in response to your recent announcements describing plans to review and revamp regulatory and reporting oversight in effort to make the US marketplace more inclusive and globally competitive.

First, you're commended for your efforts to revitalize and modernize the US capital markets. For the welfare of our nation it is important that we use aggressive efforts to reclaim and maintain our status as one of the world's great capital marketplaces. Based on the Treasury's recently published statement, "...the right regulatory balance would combine high standards of market integrity, stability and investor protection with a strong foundation for innovation, growth, and competitiveness;" we are of like mind in preventing any further drain of capital funds to overseas markets and investment structures.

Second, allow me to share our unique perspective on this matter for your consideration in any structural reformation efforts currently being researched and assessed.

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It's published that there are about 20,000 public companies on the US equity markets with less than 5000 of those considered "actively traded." Yet there are nearly 24 million *private* firms in the US, companies that never enter the regulatory purview of the Treasury (beyond income tax matters) and which are equally remote from the painstaking efforts of the SEC in matters of fraud prevention and investor protection. This leaves roughly 99% of American companies—and their investors—without oversight in all matters of financial transactions. Though, it is this same group of unmonitored companies that are largely responsible for fueling our nation's economic expansion and employment growth.

As both US and foreign entities struggle to facilitate marketplaces for smaller, alternative investments (some include AIM and the PLUS Markets Group in London and the past German Neuer Markt®), it appears that those in power rarely understand, how many "under the radar" private company transactions occur which potentially hurt the investors that they are chartered to serve.

We propose that the time and costs associated with bureaucratic efforts to regulate corporate "honesty" would be better spent enforcing it—and on a greater scope. The American investors who put capital into private deals are often the very foundation of private companies and too frequently we see unscrupulous, dishonest individuals get away with larceny due to the unregulated nature of the beast.

Our own efforts to establish rules for private companies and clear access to capital funding (without onerous reporting and compliance burdens) have, indeed, been challenging. Yet, in our position, we're able to meet many of the outstanding companies which, again, provide substantial economic and employment growth to the US. I am reminded of a conversation with a past NASDAQ chairman who simply said "the companies in your space are more honest than the majority of the public market."

That fact is that "Capital Can't Fund What it Can't Find." Growing private companies, not ready for the public market, have no formal marketplace to offer interested and knowledgeable capital sources an opportunity to invest. Yet, it is these investors, funding private entities, which are providing true "economic gains" versus simply "trading gains." It is these private companies, and investors looking to gain from their growth, which create the system that will maintain the US's status as a global leader on the business forefront. There needs to be a quantified, controlled, environment to find, research, track, manage and invest into this private sector.

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I ask you to expand the horizons and target of your US Market Competitiveness Initiative and embrace the idea of providing direction for a sub-public market; a formal private company market structure which the SEC could monitor appropriately. It was the Cincinnati Stock Exchange's founding mantra to "...bring local capital to local businesses." It is this mantra that should guide efforts to allow efficient US capital flow to qualified US private companies—without the undue burden of public filing and compliance.

By design, these are necessary means for expanding capital formation to private firms. Providing (controlled) liquidity and funding channels to these companies benefits all facets of our economy—and is the next natural step in US efforts to ensure our markets remain globally competitive and relevant.

In short, we fear the US may be missing the boat on the global "market expansion" trend. **To be a modern steward of investor interests, we believe both the Treasury and the SEC should embrace a new non-public marketplace serving the 24,000,000 private companies that bring economic and employment growth to our nation—while protecting the interests of the investors which support them.**

Sincerely,



Stephen H. Watkins, CEO
Entrex, Inc.
www.entrex.net