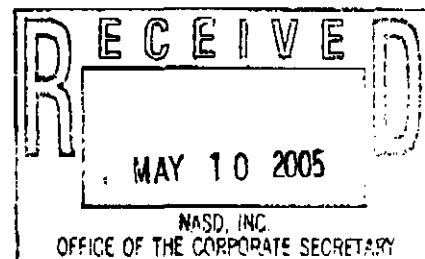


Carty & Company, Inc.

Member National Association of Securities Dealers, Inc.
6263 Poplar Avenue, Suite 800 • Memphis, Tennessee 38119
901-767-8940 • Web Site: www.cartyco.com



April 1, 2005

NASD

Attn: Mr. Joseph Savage
9509 Key West Avenue
Rockville, MD 20850

Dear Mr. Savage,

I am a member of District 5 Business Conduct Committee, and would like to comment on the proposed ban on non-cash compensation and sales contests. While I am not against some form of regulation in this area, I feel that banning *all* non-cash compensation and sales contests is too broad and that some exceptions should be allowed.

Carty & Company, Inc. uses sales contests and non-cash compensation infrequently, but when we do, it is used as an incentive for overall performance of our brokers and never product driven. For example, we have an annual contest that rewards the broker who opens the most new accounts, within a two-month period, with a free week in Mr. Carty's Florida condominium. This contest is open to all brokers in our firm, and is not contingent on a specific product or type of account, it just has to be a new account to the firm. Our sales people are compensated on a percentage of their gross and we are constantly trying to find ways to make our brokers more productive. A contest like the one described above can breathe a little life into the sales force and create an urgency to work harder in order to "win" the contest. It is a management tool that I think the firm should be allowed to use if they choose to do so.

A contest that rewards the sale of a specific bond, stock, or mutual fund company, etc. could entice a broker to overlook what is most suitable for the client in favor of whatever product might win the contest. This practice could certainly harm the client. But, I would appreciate your consideration of changing the proposed ban to one that is more specific, limiting incentives that are product driven, but does not take away a firm's ability to use overall performance incentives, such as contests or non-cash compensation, as a management tool.

Sincerely,

Carty & Company, Inc.

Jennifer Carty Scola
Executive VP, Chief Operating Officer