

MCPAC Membership Application

Name: _____

Company Name: _____

Title/Position: _____

Address: _____

Office Phone: _____ Fax: _____

Cell Phone: _____ Email: _____

____ Regular Member (\$2500)

____ Corporate Member (\$10,000)

Regulatory Issues of Interest (briefly state the key issues for microcap companies that you are interested in MCPAC addressing):

Political Affiliations: _____

Voting District: _____

Signature: _____ Date: _____

(Please make checks payable to MCPAC – thank you for your support!)



OFFICERS

FRANK SPEIGHT

Chairman

MCPAC/National Small Public Company Leadership Council
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JOSEPH EMAS

Attorney/MCPAC

NEWS AND NOTES

MCPAC publishes
“Quick facts on Microcaps”
brochure.

Contact Frank Speight for
more details.

www.microcappac.org

MCPAC WASHINGTON REPORT

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MCPAC Shares in Victory of Small Firms Getting Sarbanes-Oxley Relief

Smaller public companies are finally getting a break on Sarbanes-Oxley. The Securities and Exchange Commission (SEC) is granting smaller public companies listing on the U.S. stock markets a year's exemption from complying with the toughest part of Section 404, the internal controls provision over financial reporting that has been a key requirement of the 2002 Act. Frank Speight, Chairman of the Microcap Company Political Alliance Corp. (MCPAC), called the action a big victory for small publicly-traded companies (with revenues under \$100 million) after a longtime united effort among business groups like MCPAC in Washington, D.C. who have been fighting to minimize the high cost of compliance with the rule's reporting requirements.

“The relief provided from Section 404 compliance dates for smaller public

companies is a crowning achievement for MCPAC and our efforts in 2006 in pushing for compliance reform,” said Mr. Speight. “MCPAC shares in this major victory with other Washington business groups, such as the U.S. Chamber of Commerce, Free Enterprise Fund, Competitive Enterprise Institute and others, in our united efforts to educate Congress and the SEC about the need to minimize the financial burden of implementing Rule 404. MCPAC is now among the power players in Washington and will continue to have an important presence in 2007,” he said.

The initial compliance date for these companies would be moved from fiscal years ending on or after July 15, 2007, until fiscal years ending on or after Dec. 15., 2007.



Frank Speight (left) MCPAC Chairman meets with staff members of the U.S. House of Representatives Reform Committee regarding Sarbanes-Oxley relief.

MCPAC Calls for Cooperative Approach in New Congress Support Small Business on Taxes and Regulatory Relief

With the Democratic victory in the U.S. House of Representatives and Senate signaling a sea change in the political dynamics of government, there's an opportunity for members of the new 110th Congress to put aside political differences, restore a bipartisan common ground, and seek support of smaller public companies to achieve tax and regulatory relief that's urgently needed for them to grow and remain competitive,” said Frank Speight, Chairman of Microcap Company Political Alliance Corp. (MCPAC) and the National Small Public Company Leadership Council (Leadership Council) based in West Palm Beach, Fla. and Washington, D.C..

“Now that Democrats have taken control of the House and Senate, the new Congress has an opportunity to restore a bipartisan middle ground and seek support from the small business community and help them successfully fight for further investment and growth

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MCPAC Reports Entrepreneurs Fleeing to Foreign Markets Urges Government Action to Stem Growing Crisis in 2007

There's a crisis among the nation's entrepreneurs as 25 percent of these small emerging growth companies are fleeing the U.S. markets seeking access to vital growth capital and are listing on foreign exchanges in efforts to avoid the crippling regulatory burdens imposed by Sarbanes-Oxley (SOX). Frank Speight, Chairman of the Microcap Company Political Alliance Corp. (MCPAC), who predicts the situation will worsen in 2007, is calling for the federal government to take appropriate actions by urging the Securities and Exchange Commission (SEC) to revise the current Rule 504 Exemption with specific recommendations that would bring much needed capital relief to the small business sector. And for the U.S. Congress to advance a reasonable application of SOX by passing a new bipartisan bill, the Compete Act, which has been introduced by Representative Tom Feeney (R-Fla., 24th District), to reduce the compliance burden of implementing Section 404.

"In a survey of MCPAC members and the group's supportive investment banking community worldwide, we're seeing about a 25 percent increase in recent years in the number of American-based smaller public companies who are fleeing the U.S. markets in favor of markets in London, Shanghai, Hong Kong and Luxembourg because they're fearful of the heavy compliance burden," said Mr. Speight. "This crisis will only get worse next year. It's critical for the federal government to create a friendly regulatory environment for U.S. markets, especially to attract microcaps and emerging companies that are just listing on exchanges. Unless something is done, the flight of smaller public companies will have a terrible impact on the U.S. economy and growth of jobs in 2007," he said.

Mr. Speight explained the surge of U.S. companies listing on foreign markets is a direct result of the post-Enron toughening of federal regulations for business in America. The U.S. share of market capitalization's was at 40.2 percent in June of 2006, as compared with 48.7 percent in March of 2001, according to the International Federation of Stock Exchanges.

Letter from the Chairman:

Dear MCPAC Members and Prospective Members:

Welcome to MCPAC's fourth newsletter issue. Looking back over our activities during 2006, I want to summarize MCPAC's achievements. And looking ahead, to give you a preview of what's in store, thus far, for 2007. MCPAC – the proactive political arm of the microcap industry – will continue to fight for fairer treatment of both Pink Sheet and OTC Bulletin Board public companies in legislative and regulatory reforms and other issues impacting your business' ability to get access to capital and the creation of an optimal business climate.

In 2006 MCPAC joined forces with The National Small Public Company Leadership Council (Leadership Council), an educational policy think tank, and together we are doing battle for the microcap industry. Here are some highlights of MCPAC's activities in 2006:

- Organizes and implements an effective government relations program, which includes meetings with the House Government Reform Subcommittee on Regulatory Affairs and meetings with U.S. Chamber of Commerce legislative and regulatory staffs.
- Participates in industry trade group economic outlook forum, pressing for meaningful tax reforms.
- Briefs SEC Commissioner about urgent need to reform Sarbanes-Oxley (SOX) Rules 504 and 404.
- Shares in victory of smaller firms getting year's exemption from complying with SOX Section 404.
- Hosts SEC Office of Small Business Policy and special guests to discuss getting more equitable treatment for OTC BB and Pink Sheets.
- Creates Committee on Naked Short Selling, calling for member volunteers to join in gathering data about the issue and compiling findings.

MCPAC has a lot in the offing in 2007. To preview what's coming up for member-only attendance is the MCPAC – Leadership Council 5th Annual Legislative and Regulatory Conference, which assembles CEOs, CFOs and COOs of microcap publicly-traded companies worldwide. This Conference will be held in Spring 2007 at the Willard Intercontinental Hotel in Washington, D.C.. Please plan to attend this informative session.

Among our special guests will be U.S. Rep. Tom Feeney (R-Fla., 24th District) who will be presented the "MCPAC Legislator of the Year 2007 Award" for his efforts to combat the adverse affects of Sarbanes-Oxley, by introducing the COMPETE ACT. The bi-partisan bill would completely exempt smaller public companies from internal controls and financial reporting requirements of Section 404. In addition, the "MCPAC Investment Leader of the Year 2007 Award" will be presented to Charles V. Payne, Founder, CEO and Chief Analyst of Wall Street Strategies, Inc., a New York-based independent stock market research company. He is widely recognized in the investment community for his timely and effective equity advice. The Conference's other special guests will be posted later on MCPAC's website: www.microcappac.org

Sincerely yours,

Frank Speight
 Founder, President and Chairman
 Microcap Company Political Alliance Corp. (MCPAC)
 National Small Public Company Leadership Council (Leadership Council)

Please visit our website: www.microcappac.org



U.S. Representative Tom Feeney (R-Fla., 24th District) (left) "MCPAC Legislator of the Year 2007 Award" recipient and Charles V. Payne, CEO of Wall Street Strategies, Inc. (right) "MCPAC Investment Leader of the Year 2007 Award" recipient.

MCPAC Calls for Cooperative Approach in New Congress Support Small Business on Taxes and Regulatory Relief (continued from page 1)

reforms to protect U.S. capital markets from over regulation and unfair enforcement, reduce the disproportionate cost of compliance, while also making the 2001 tax cuts permanent," said Mr. Speight.

"The more centrist the Congress becomes, the more moderate elements of both parties can play a key role in determining the way policy decisions can affect small publicly-traded companies' ability to access the capital markets," Mr. Speight said. "It's time for the new Congress to put aside political differences and work on behalf of a fair and level playing field for businesses of all sizes. MCPAC and the Leadership Council look forward to working with Congressional members on both sides of the aisle, including new people in charge of key committees," he said.



Frank Speight, MCPAC Chairman. MCPAC calls for cooperative approach in new Congress.

Congressman Feeney Warns Sarbanes-Oxley Choking Small Business Joins with MCPAC Calling for Reforms, Introduces COMPETE ACT

U.S. Rep. Tom Feeney (R-Fla., 24th District) is a self-styled "economic Paul Revere" who's warning everyone in earshot against the continued strangulation of American business that began in 2002 with the passage of the Sarbanes-Oxley Act (SOX), which has had unintended consequences that make it extremely difficult for smaller public companies to remain competitive. Looking to other horsemen of regulatory change, Congressman Feeney supports the efforts of the Microcap Company Political Alliance Corp. (MCPAC) to inform and educate the Securities and Exchange Commission (SEC) and other members in Congress about SOX's high burden of regulation and compliance and the urgent need for legislative change.

In combating the adverse affects of SOX on the small business community, Congressman Feeney recently introduced bi-partisan legislation called the COMPETE Act. The bill would exempt smaller companies from internal controls and financial reporting requirements, thus reducing the burdens of the implementation of Section 404 and resulting in restoring America's competitive lead in world capital markets. As both Congressman Feeney and MCPAC warn, the high burden of regulation and compliance is outsourcing America's lead in world capital markets. More smaller public companies are increasingly turning to London or Luxembourg and other global markets instead of New York to raise capital.

"MCPAC appreciates Congressman Feeney's leadership on this issue and the measures set forth in the COMPETE ACT, which seeks to restore America's lead in world capital markets and reform the negative impact of SOX on the small business community," said Frank Speight, Chairman of MCPAC and the National Small Public Leadership Council (NSPLC). "We look forward to an ongoing relationship with him in 2007 to push for a net advantage to reform those provisions that put smaller public companies – and the American economy – at a disadvantage," he said.

MCPAC Names Chair of New Committee on Naked Short Selling Seeks Member Volunteers to Gather Data for Policy Report

The Microcap Company Political Alliance Corp. (MCPAC) has named member Richard A. Altomare, President and CEO of Universal Express, to serve as Chair of the group's new Committee on Naked Short Selling, and is calling for volunteers among its membership to join him in gathering data about the issue, known as 'naked shorting.' The Committee will compile its findings into a Policy Report for presentation at MCPAC's Conference this Spring in Washington, DC.



Richard A. Altomare, President and CEO of Universal Express

"The practice of 'naked shorting' is of growing concern among MCPAC's membership and we welcome Richard Altomare to head our efforts," said Frank Speight, Chairman of MCPAC and the National Small Public Leadership Council (NSPLC). "We encourage members to join him on this volunteer committee to bring vital information together for a MCPAC Policy Report as our initial effort to educate and inform members of Congress, the White House and the Securities and Exchange Commission (SEC) about the practice and the effects it's having on smaller public companies, their stockholders, investors and employees."

"I look forward to working with members of MCPAC to bring the issue of 'naked shorting' to the attention of the federal government, and to ascertain how the practice may be causing smaller public companies to go out of business or impacting others' market prices despite their good business developments," said Mr. Altomare.

Naked Short Selling is the practice of borrowing stock then selling it in hopes that the price will go down and it can be bought back at a lower price, thereby generating a profit and allowing one to return like shares for the borrowed ones.

Note to MCPAC Members: To join MCPAC's Committee on Naked Short Selling, please contact Richard Altomare at: 561-367-6177; raltomare@usxp.com



Congressman Tom Feeney (R-Fla., 24th District)

Congress of the United States
House of Representatives
Washington, DC 20515

December 15, 2006

The Honorable Christopher Cox
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Cox,

We are writing to express our concern over the effects of Securities and Exchange Commission (SEC) Rule 504 Regulation D, and its impact on investment in the United States.

We have met with entrepreneurs and small business leaders who have expressed their concern that SEC Rule 504 Regulation D has prevented these individuals from accessing capital markets.

In 1999, the SEC amended Rule 504 to include two additional provisions. First, issuers of stock under this Rule were prevented from soliciting purchasers using a general solicitation or general advertising. Second, securities sold in a Rule 504 offering may not be resold without being registered, with three exemptions.

An issuer need not comply if it offers the securities in states that require registration and prospectus delivery, and in states that do not require registration if it nonetheless delivers a prospectus. The issuer is also exempt from the general solicitation and resale requirements by complying with state laws that allow sales to be made only to accredited investors.

Since Rule 504 was amended, state regulatory agencies have limited the ability of companies to use the 504 exemptions, most requiring an issuer to, in effect, go through a registration process (blue sky filing and review) in each state before a sale can be made. We have been told me this is too costly and time consuming to make it viable for them.

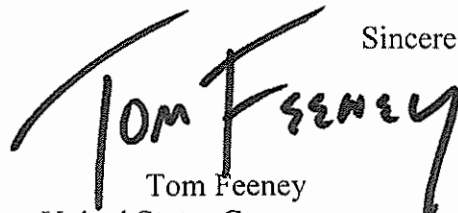
Before 1999, one of the "drawbacks" of the 504 Exemption was that it was for "non-reporting" companies, and therefore, there was no requirement for public disclosure of information. Between the period of 1992 through 1999, some issuers abused the "non-reporting" exemption and the SEC reported that about 1.5 to 3 percent were fraudulent transactions, scams, or "pump and dump" schemes. Based on that information, the Rule 504 Exemption was revised to the form it is in today. While we strongly support the SEC's efforts to curb fraud in the market place, we are concerned that, in effect, Rule D has effectively stifled the issuance of securities by small business in the United States under Rule 504, thereby encouraging capital investment in foreign markets.

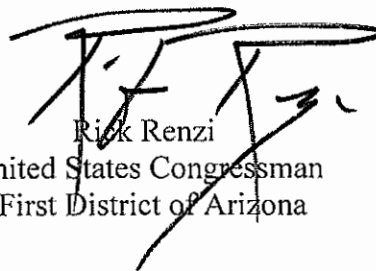
We are concerned that Rule 504, since the adoption of Regulation D, has not provided small firms a flexible and low-cost means to raise capital and allow them to sell freely tradable securities to an unlimited number of both accredited and non-accredited investors.

We respectfully request that you update us on the use of Rule 504 by small companies, whether it is affecting their ability to access the capital they truly need and, if so, if the SEC consider changes to the Rule to allow greater access to capital while protecting investors from fraud and abuse.

We look forward to your response.

Sincerely,


Tom Feeney
United States Congressman
Twenty Fourth District of Florida


Rick Renzi
United States Congressman
First District of Arizona