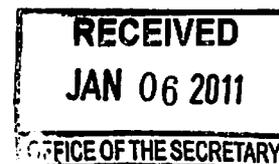


AEI Capital Corporation

1300 Wells Fargo Place
30 East Seventh Street
St. Paul, Minnesota 55101
651-227-7333
800-328-3519
651-227-7705 (fax)
www.aeifunds.com



December 30, 2010



Ms. Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

Re: Accredited Investor Standard, Title IV Provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, File No. DF Title IV – Accredited Investor.

Dear Ms. Murphy:

AEI is one of the oldest sponsor / managers of real estate investment Funds in America. We are, also, the creator of the securitized TIC transaction (see below). We appreciate the opportunity to provide comments to the Commission with respect to the definition of “accredited investor” prior to further rule-making concerning that definition. We are aware of current standards in this regard as well as the proposals put forward by the NASAA group of state administrators.

While we understand and appreciate the desire and advisability of some broad “updates” to the definition of accredited investor, there are some subtleties involved which, if ignored, will stand to work hardships on the very “investors” the rule and definitions are intended to protect. Let me describe one example as follows:

Many commercial property owners are “baby boomers” who are moving into the retirement phase of their lives. These people own everything from farms that are sold to shopping center developers to apartment buildings that are sold to new owners. In not a few cases, real estate is being sold as part of the sale of a family business. When a sale occurs, many of these property owners choose to re-invest their sales proceeds into another commercial property through an IRS Section 1031 tax-free exchange.

Interestingly, if a property owner “simply” uses all of his/her sales proceeds to buy another property, that event is purely a real estate transaction and there are no SEC, securities registration, or accredited investor considerations that come into play.

However, should that same person decide – for economic or estate planning purposes – to spread his/her risk by diversifying their money into the ownership of several commercial properties, then that

person will, often, accomplish that by purchasing a replacement property along with several other owners by a tenant-in-common (TIC) purchase. This type of transaction is not an investment in a limited partnership or REIT. It is not the purchase of securities, in the normal sense of the word. It is the direct ownership of a fractional, undivided interest in the real estate.

The important point is that dividing the ownership of a property among several owners creates a security (most TIC property sales are filed as Reg. D offerings in recognition of that). What that, in turn, creates is a situation where the very person who could “invest” *all* of his/her money in just *one* property, is now (under the accredited investor definition) foreclosed from reducing his/her risk by purchasing a TIC interest in several properties.

This sort of negative result will affect practically every seller of a small business that has real estate included in the sale, or property owner of commercial real estate. It is counterintuitive, makes no economic or regulatory sense, and provides no social benefit.

Consequently, where higher standards may make sense for (example) the private placement of IPO’s of pooled investments (REITs, partnerships, LLCs, and companies), those same standards are counterproductive in situations such as described here.

As a straightforward, workable solution, AEI would recommend that the accredited investor definitions not apply to private placement “investment” in real assets where the investment is the result of a commercial property transaction. This approach would leave all of the truly inexperienced potential accredited investors subject to the higher definitional standards, while providing commercial property owners with the flexibility to properly and prudently manage their financial affairs.

Thank you.

Sincerely,


Robert P. Johnson
President