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Ms. Nancy M. Morris, Secretary  
U.S. Securities and Exchange Commission  
100 F. Street NE  
Washington, DC 20549-1090

Re: File Number S7-18-07

Dear Ms. Morris:

As a former SEC attorney as well as the author of 20 books and 125 law journals in the corporate/securities law field, I am dismayed by the SEC's excessive concern for enhancing capital formation at the cost of investor protection.

Let me highlight a number of my key concerns:

– In proposed Rule 507 (Large Accredited Investors) establishing a \$2.5 million level for amount in securities invested by individuals. This amount would include one's retirement accounts. Such inclusion is unsound. Such individuals may have accumulated such amounts through decades of employment, not because they are sophisticated investors.

- That the limited advertising proposed to be allowed by Rule 507 not be expanded as several commenters would prefer.
  
- The definition of accredited individual purchaser is proposed to include \$750,000 amount invested in securities. Given that this amount includes one's retirement accounts, it is clearly antithetical to investor protection. The proposal of such a relaxed standard contradicts the Commission's assertion that it is concerned with protecting investors in this rulemaking project.
  
- The Commission's failure to propose increasing the net worth/income tests of Regulation D until July 1, 2012. Clearly, such inaction harms investors. Today, one's residence alone can be worth \$1 million even though that person purchased the house 25 years earlier for less than \$100,000.
  
- Also, as I read the proposed rules, the inflation adjuster that is proposed to commence in 2012 only makes the adjustment from December 31, 2006 – not from 1982 when Reg. D was adopted with the accredited individual levels of \$1 million net worth and \$200,000 income. This belated and minimal proposal by the SEC to adjust the accredited individual investor levels is clearly inadequate.

The Commission makes much of the recommendations of its appointed Advisory Committee. Although these individuals are enjoying successful careers, I am not impressed with the range of diversity on this Committee. Particularly, those who represent investor interests, such as consumer advocates and plaintiffs' lawyers, are not well represented. Indeed, even the academicians appointed generally are not those known for being very concerned with investors' interests.

It is a shame that, outside certain Divisions' significant efforts, such as the Division of Enforcement, the Commission acts at times as a Chamber of Commerce rather than an agency protective of U.S. investors. And, all this, just five years after the enactment of Sarbanes-Oxley.

Sincerely,

Marc I. Steinberg

Radford Professor of Law

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