MPF MACKENZIE PATTERSON FULLER, INC.

MPF Advisers, Inc. | MacKenzie Securities Partners, Inc. | MPI-GP, LLC

March 9, 2007

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: File Number S7-25-06
Proposed Rules 509 and 216: Accredited Investors in Certain Private Investment Vehicles

Dear Ms. Morris:

MacKenzie Patterson Fuller, LP ("MPF") is pleased to submit this letter in response to the solicitation by the Securities and Exchange Commission (the "Commission") of comments on proposed Rules 509 and 216 under the Securities Act of 1933, as amended (the "1933 Act") regarding the threshold for accredited investors as contained in Release No. 33-8766 (the "Proposing Release").

We fully support the Commission's approach with respect to proposed Rule 206(4)-8 under the Investment Advisers Act of 1940, as amended (the "1940 Act"). We believe the proposed rule clarifies the anti-fraud rules and protects potential investors.

However, for the reasons outlined below, we respectfully request that the Commission change the Proposing Release in order to achieve a better balance between capital formation and investor protection. We believe the Commission should revise the Proposing Release by modifying the definition of accredited investor as outlined below.

The Proposing Release would require a two-step approach that would apply either the net worth or income test currently specified in Rule 501(a) or Rule 215, and add a $2.5 million minimum investment requirement. We believe that the $2.5 million minimum investment threshold is overly burdensome and would have significant negative consequences on current and prospective investors, as well as firms that currently rely on Section 3(c)(1) for exclusion from registration under the Investment Company Act of 1940, as amended ("ICA"). There are a large number of investors that are sufficiently sophisticated to make investments in pooled investment vehicles that would not otherwise be permitted to do so if the Proposing Release were adopted without modification. Investments in pooled investment vehicles can be a great benefit to an individual's investment portfolio, and the Commission should be mindful not to exclude financially sophisticated persons (with significant net assets and significant investment portfolios) from the pool of permissible investors. We are also of the view that such an

overly burdensome requirement will reduce the amount of new pooled investment vehicles coming to the market (the alternative being to launch a public offering which is impracticable because too expensive to provide the same returns) and reduce competition, which could have significant negative consequences for investors.

We propose that the proper eligibility standard for an investor in a 3(c)(1) fund would require that an investor be a "qualified client" (having more than $1.5 million in net worth or $750,000 invested with the manager in question),[1] as opposed to the $2.5 million in investments as the Commission proposes. The Proposing Release states that part of the reason for increasing the eligibility threshold is that the definition of accredited investor has not been modified since 1982. However, the Commission changed the definition of a "qualified client" in the late 1990s and increased the net worth and assets under management requirements.[2] At that time, the Commission deemed further protections unnecessary to ensure adequate client sophistication, evincing the historical lack of abuse and the high cost and inconvenience associated with incorporating new thresholds into existing agreements. The Commission further recognized that such qualified clients did not need the full protections provided by the 1940 Act's restrictions on performance fee arrangements.

The proposed rules preclude the use of real estate for personal residences or businesses for qualification as an accredited natural person, which would raise the qualification threshold even higher by focusing on investment of liquid assets. As the Commission notes, many investors have become "accredited" because of the value of the equity in their homes. However, contrary to the Commission's conclusion, we feel inclusion of personal and business real estate in an investor's net worth is appropriate. If an investor bought a house for $200,000 and it is now worth $1,000,000, that $800,000 in equity should be considered an investment. It would be illogical to require that potential investor to invest in some other kind of investment to be recognized as sophisticated. Any such investor could get a home equity loan and take the money out of his or her residence to invest in other investments, but many sophisticated individuals prefer to keep their equity investments in one of the safest markets—real estate. It is nonsensical to have a rule deem one investor sophisticated enough to invest in private investment vehicles just because that investor has borrowed on his or her residence or place of business to invest in another asset, where a second investor with the same net worth would be deprived of the private investment opportunity because he or she did not take out a home equity line. The same argument would of course apply for property used in a business.

Lastly, the Proposing Release states that the Commission's goal is to provide an "objective and clear standard to use in ascertaining whether a purchaser of a private investment vehicle's securities is likely to have sufficient knowledge and experience in financial and business matters to enable that purchaser to evaluate the merits and risks of

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[1] Rule 205-3 of the 1940 Act.

[2] 50 FR 48561, Nov. 26, 1985, amended by 62 FR 28112, 28135, May 22, 1997 (the Commission increased the net worth and assets-under-management tests from $1,000,000 and $500,000 to $1,500,000 and $750,000, respectively.)

a prospective investment, or to hire someone who can."[3] We respectfully suggest that if the above modifications to the Commission's proposed changes are not sufficient, the Commission should allow for non-accredited natural persons (however defined in the final rule) be allowed to meet the definition of "accredited investor" if they do indeed "hire someone who can [evaluate the merits and risks of a prospective investment]." Many investors do hire financial planners or advisers to advise them on such investments. If the definition of accredited investors included qualification of an investor who hires a financial adviser (i.e., a registered investment adviser who is hired to manage a client's assets), this goal would be met. Of course, to meet the reality of the marketplace, the adviser would have to be able to be paid for this service in the normal course of business.

We believe the burdens the Proposed Rules would impose on potential and current investors and the 3(c)(1) funds in which they invest far outweigh the perceived benefits of investor protection and would actually hinder the capital formation process.

We respectfully urge the Commission to take these comments into account. We would be happy to discuss any questions the Commission or its staff may have with respect to our comments. Any such questions may be directed to Chip Patterson at (925) 631-9100 ext. 206.

Very truly yours,
MacKenzie Patterson Fuler, LP

By: Chip Patterson, Senior Vice President and General Counsel and Member of the Board of Directors

[3] Section III(b)(2), page 22.