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I am writing in response to your proposed rule to raise the threshold for qualified investors in hedge funds from \$1 million to \$2.5 million. I will describe my own situation because it best expresses a perspective which is important to me, and which I suspect is representative of many others who would be affected by the change.

I am 73 and retired. My home and all I own is free of loans. My retirement investment pool is \$2 million. I have invested in the stock market for the past 50 years. For the past 10 years I have followed the market and the stocks I have owned on an essentially daily basis. I also regularly follow internet sites of Investors Business Daily, Big Charts, John Mauldin's newsletters, and the Kirk reports. I also research investment approaches on the internet, and have taken courses on investing. I also invest somewhat in bonds, have invested in real estate, and have traded in options.

With the current market run-up and general world economic state, I shifted some assets from stocks to cash and to bonds, but felt it prudent to also invest in something to balance against the variations of the stock market and business cycle. At that point I undertook an intense study of hedge fund investing, the strategies, the types, the risks and benefits, the successes and disasters. For reasonable diversification against the next recession, I decided a couple well-run hedge funds would give wider and more predictable results than my attempts with options and selling short.

I contacted Altegris and discussed my aims, and available funds to meet those ends, with an analyst. I also receive monthly reports and conduct open-ended discussion with him to help me monitor performance of chosen funds. I selected one fund which is a long-short equity fund with management I felt sound, and with a 6 year history including no losing years and no major drawdowns. Leverage may be used but usually is not. I also selected a fund of funds with sound performance and a very tight, efficient operating process. I have invested \$250,000 in each of these funds. Both funds have considerably less volatility than the market indexes, and are more or less market neutral. As with all hedge funds, their fees are high, but I am quite willing to pay them for the service they render. Other funds have given higher returns, but I like the stability these two offer, and their return, to me, appears quite adequate. There is clearly a risk to each fund, but with the diversity for different economic conditions, I feel better covered than I would without the hedge funds, and certainly better than by putting that portion of investments in the traditional, long-only equity funds. Should I lose all that is in each fund, I could still live with reasonable comfort, but with them, I believe I can do more, even if in a modest way, and certainly feel more completely covered.

I feel my comprehension of financial investments in general and hedge funds in particular, as well as my dedication to monitoring them, is at least as good as a large percentage of people whose net worth exceeds \$2.5 million. I also feel my participation in hedge funds is conservative rather than wildly speculative. I feel it would be unfairly discriminatory to block this avenue of investment on the basis of your decision that I would not be rich enough to deserve this option. If you feel people in my category need protection beyond what I do, there are clearly measures other than a total shut-out that you could take. I suspect a number of others share my situation.

Thank you for your consideration.