To: The SEC
Re: File No. S7-25-06
Rule Title: Prohibition of Fraud by Advisors of Certain Pooled Investment Vehicles
Date: February 16, 2007

I would like to comment on the aspect of the above proposed rule change which would raise the minimum net worth of a qualified investor from 1 MM to 2.5 MM and eliminate the value of one's personal residence towards this higher requirement.

So, let me get this straight:

1) I will still be permitted to invest (translation: risk) my entire liquid net worth on the some OTC/pink sheet stock with no revenues, less than a dozen employees, but a market capitalization of hundreds of millions thanks to the hard work of some boiler room operation?

2) I will still be permitted to gamble in Las Vegas, Atlantic City etc. at any one of a number of publically traded casinos and risk losing my family's entire fortune? A bet at one of these casinos is, in essence, an ultra-short term investment. Given the SEC's mandate to protect the public investor it would seem entirely logical that gamblers should be qualified before being permitted to set foot in a casino.

3) I can invest a million $ in a stock like Lucent ($84.18 in 1999, 55 cents in 2002, $2.55 when merged with Alcatel in 2006) and count that fleeting value towards my net worth or I might decide to play it safe (relatively speaking) and put the same million $ into my personal residence but not be able to count my house's value under the SEC's new formula?

The above examples are well known to all concerned in the present debate. I personally know several people - secretaries, policemen, sanitation workers, people on 100% disability who were financially devastated by the dot-com crash. In most cases they knew next to nothing about finance, investing or assessing risk (Example of one friend: "James, what's the difference between a stock and a bond?") What has the SEC done to protect these types of investors?

The SEC suggests that those with a net worth of less than 2.5 million $ are less sophisticated investors who need protection from financial ruin notwithstanding years of education and experience. May I suggest that with that logic no employee of the SEC should be permitted to discuss, formulate or otherwise participate in the decision making process of this proposed new rule unless his own net worth (remember- can't count that house in Georgetown, Barnaby Woods, or Bethesda) exceeds the new limit of 2.5 million $. And don't forget- LLBs and PhDs from Ivy League schools won't count.

All kidding aside, I urge the SEC not to adopt new accreditation limits for those who need little protection and devote more effort to protecting those investors who are lambs to the slaughter for the butchers of Wall Street.

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