



Feb 2, 2007

Dear Sir/Madam -  
 Securities & Exchange Commission

Regarding your December 13, 2006 proposal to limit participation in hedge funds to investors with at least \$2.5 million in financial investments - I am one of those investors/taxpayers who would like to raise an objection to any increase in the current 301-307 rules. I am a CPA approaching 59 yrs of age with a net worth (sort of) of approx \$2.5 million, including my residence. The "sort of" refers to counting my retirement dollars (profit sharing plan, 401K and IRA's) gross, not reduced by the taxes that will be paid at the time I withdraw those dollars. I currently am the CFO of a small family office. My boss has been involved in the hedge fund world since 1978 and I have acted as "administrator" for the family partnership which invests primarily in hedge funds since 1986. I personally invested in a Fund of Funds in 1989, under the old 5% friends and family exception. The investment was approximately \$75,000 at that time. Currently I have just over \$500,000 invested in hedge funds, after reducing exposure to emerging markets in the fall of 2006. Growth had been spectacular and I took some chips off the table. The current investment of \$500,000 is spread over three funds, one of which is a small fund that historically has run 5% net short. I view this as an extremely conservative



investment in that it is hedging the bulk of my retirement plans that tend to be in mutual funds and stocks - In addition to stocks, mutual funds and the hedge funds I have some investments in limited partnerships that invest in real estate, one group in apartment complexes, one group in small industrial properties and just recently in some hotels. If you can explain to me the difference between these real estate investments and the hedge fund investments I would appreciate your sharing your wisdom with me. My goal for many years now is to reduce direct exposure to the stock market by investing in hedge funds and real estate partnerships that become available to me through my position at work, a great perk. In my opinion this is a conservative approach to investing. Because I have a 401k plan available to me through my job I am constantly increasing my market exposure - The only choices in the 401k are a suite of mutual funds. I could elect to choose fixed income investments through the 401k, or a money market investment, but with concerns about budget deficits, a decline in the value of the dollar, possibly much higher levels of inflation, fixed income investments do not make sense to me. Risk - at this point in my life, if I lose a significant amount of capital then I will continue working longer, which I may do anyway. The only real difference is that if I can grow my capital meaningfully over the next eight years or so then the choice will be available to me. I believe that an important part of achieving that goal is through my hedge fund investments - Don't take them away -

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Respectfully,  
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