Allegheny Investments

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March 5, 2007

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F St., NE
Washington, DC 20549-1090

RE Proposed Rules re Prohibition of Fraud by Advisers to Certain Pooled Investment Vehicles, Accredited Investors in Certain Private Investment Vehicles
File Number S7-25-06

Dear Ms. Morris:

Thank you for the opportunity to comment on the above noted proposed rule. You have already received a number of very eloquent objections to this rule, and we can add little to what has already been said. We oppose the rule for the reasons set forth below.

We do not disagree with the fraud provisions, and believe that those are applicable to hedge funds without the proposed rule. We will limit our comment to the definition of "accredited natural person." Although we acknowledge the Securities and Exchange Commission ("SEC") concern about investor losses and unsuitable investments, we submit that the proposed rules will not ally these concerns.

The intent of the original "accredited investor" standard was to make certain investments available only to investors who could bear the increased level of risk inherent in the product, either because of the type of the offering or the quantity of information provided to the investor. Although one could argue that this standard must be raised simply on the basis of inflation, there is no rational reason to allow the original accredited standard to remain intact, and yet single out one individual product class to further restrict with greatly enhanced financial requirements. The new definition of "accredited natural person" does not impact investments in private placements, limited partnerships, or even venture capital funds, which are certainly riskier than the majority of the hedge funds.

To truly protect the hedge fund investor it would be more practical and appropriate to set some limits on the percentage of investable assets that an investor could invest in a hedge fund or other alternative investment.

A number of funds operate as a "fund of funds", which offers more diversification and less risk than many other alternative investments. This diversification of risk should allow these funds to meet a less stringent requirement. Financial suitability for these funds should be lowered, not raised.

We also believe that all hedge fund professional employees should be permitted to invest their own money in the hedge fund that employs them. Certainly, they have the requisite knowledge of the operation and risks, and are more qualified to assess these risks than the majority of the current "accredited" population.

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Lastly, we believe that all current hedge fund investors be "grandfathered" to allow continued investment in both their current hedge funds, as well as other hedge funds They understand how the hedge funds work, having the opportunity to evaluate them first hand.

Thank you for considering these various options to keep our financial markets open and available to the investing public.

Sincerely,

Aimee A. Toth
General Counsel