

November 17, 2010

Elizabeth M. Murphy, Esq.
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Proposed Rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940
File Number S7-25-10

Dear Ms. Murphy:

We represent a multi-generation, single family office that provides services to the trustees of numerous trusts for the benefit of various family members. Members of the family have asked us to submit the following comments on selected aspects of Proposed Rule 202(a)(11)(G)-1 (the "Proposed Rule"). Our family office client supports the Proposed Rule, but believes that additional information about the history and operations of family offices in general and one family office in particular will assist the Commission in revising the Proposed Rule before its final adoption. In general, our client believes that single family offices have functioned effectively over a long period of time without raising significant regulatory concerns under the Investment Advisers Act and that the Proposed Rule should be broadened so as to require as little use of exemptive orders as possible. While we understand the Commission's concern about a family office expanding into commercial advisory activities, we think that is unlikely and a small risk compared to the misallocation of the Commission's resources that would occur if many single family offices feel the need to seek exemptive relief.

I. Founder

Our family office client was created more than a century ago. The details of that founding are not personally known to anyone currently living and the written record of the earliest years are sparse. We are fortunate to have a document prepared by a family member describing the size and scope of the family office when he began to administer it following his father's death more than 70 years ago. It is possible and perhaps likely that other family offices founded many years ago will have less information available. Our family office client also differs from the Commission's assumption (see page 12 of Investment Advisers Act Release No. 3098, the "Release") that the "founder" of a family office is the person who created the

family wealth being managed. In our case, the multiple founders of the family office were children of the family patriarch; these founders also enhanced the family's wealth substantially.

While there are undoubtedly multiple ways to solve the problem of defining the "founder", the simplest may be not to have an all-encompassing definition at all. If the Proposed Rule were amended to require that the founder or founders must be lineal descendants of the common ancestor selected by the family office to define "family member", existing family offices would be allowed to continue serving their existing family clients. If the Commission is concerned that this might allow the selection of a very distant relative, thus expanding the potential number of "family members", the final Rule could limit the number of generations between the common ancestor and the founder generation. We believe that the number of generations permitted should be large enough (perhaps three generations, or the great-grandparents of the founder(s)) to ensure that all existing family offices would continue to be able to serve their "family" in the way each office defined "family" prior to the existence of the Proposed rule. If the Commission believes this proposal would be subject to abuse, we suggest that a less expansive rule apply only to family offices created after the adoption of the Rule.

II. Family Members and Former Family Members

For the reasons described in Part I, our client supports the expansion of the definition of a family member to include grandparents and great-grandparents of the founder(s). As described above, each "founder" would have to be a lineal descendant of some common ancestor.

Our client supports including adopted children, stepchildren and spousal equivalents, without further conditions; it would be an unusual family today that didn't include members following into one or more of these categories. It also supports including the siblings of the founder(s), their spouses or spousal equivalents, their lineal descendants and such lineal descendants' spouses or spousal equivalents.

Our client believes the Commission should broaden the scope of services that a family office may provide to a former family member to include the making of "new" investments. Family offices should be free to make decisions about continuing to provide services to divorced family members based on such former family members' continued involvement in the life and finances of the family. A more permissive rule will also eliminate the need for making fine distinctions between old investments and new investments. Our client also believes that the Proposed Rule should be revised to make it clear that a widow or widower is not a "former family member" but remains forever a "family member" for purposes of the Rule. This would mean that the new spouse of a widow or widower who remarries would also be a family member, which is a sensible result and will avoid the disruption of what often are long-established financial relationships.

III. Family Client

The definition of "Family Client" includes "any trust or estate existing for the sole benefit of one or more family clients." It is our understanding that many single family offices assist the executors of family estates and provide both administrative and investment management services during the administration of the estate. Many persons make bequests to friends and employees in their wills as well as charitable contributions to charities that the decedent did not establish and fund exclusively (e.g., a church or university or a local museum or symphony). Would such bequests and gifts prevent an estate from existing "for the sole benefit" of family clients? It seems an odd result that a single family office could provide investment advice to a revocable trust used for such purposes during the life of a family member, but be barred from providing services to the family member's estate. Our client believes that the definition of "Family client" should be broadened to make clear that a family office can continue to serve the estate of a family member without regard to the dispositive provisions of the family member's will. Once the estate distributes an asset to someone other than a family client, of course, the distributee could not be a client.

We appreciate the Commission's consideration of our single family office client's comments. Please contact the undersigned if you have any questions.

Very truly yours,

Paul T. Metzger