ATLAS | HOLDINGS

January 21, 2011

via email to: Rule-comments@sec.gov

Ms. Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 "F" Street, NE
Washington, DC 20549-1090

RE: Proposed Rule: Exemptions for Certain Advisors: Title IV Provisions of the Dodd-Frank Act

Subject File # S7-37-10

Dear Ms. Murphy:

I am gravely concerned about the harm the recently enacted Dodd-Frank Act will soon have on middle market private equity firms, and the derivative impact on such firms' demonstrated ability to generate substantial job growth for the U.S. economy. I have been involved in the job creation and investment process for more than 30 years, as an entrepreneur and now, as a principal investor and Chairman of Atlas Holdings LLC. In my career, I have never been as concerned about the impact of legislation on my ability to run my business as I am today, as a result of the Dodd-Frank Act related registration requirements.

I believe you and your staff understand how middle market private equity businesses operate, and others have provided comments to your agency with more detailed descriptions of the PE business process. I would like to highlight a few key points. We and our peer organizations are small businesses – at Atlas we currently employ 17 people and manage $365 million of capital, more than $50 million of which is our own and the remainder provided by sophisticated institutional investors. When a new requirement of the magnitude of registering as an RIA and ensuring compliance consistent with SEC mandate arises, it receives the attention of the senior-most partners in our company. To be sure, if we ultimately receive no relief and are required to register, we will comply fully with the letter and the spirit of the law – this is how we do business. It remains unclear precisely what the direct cost of compliance will be, but our legal and accounting advisers tell us to count on $350,000 to $500,000. This cost, while enormous, will not put me out of business. However, the time spent by myself and senior members of my team, and the re-allocation of our transactional and managerial resources from productive investing to compliance, has a much higher cost, which will be measured in reduced return to our institutional investors and more troubling, fewer job creating transactions that we have the capacity to execute.

As I will testify next Wednesday in front of the Financial Services Committee, the unintended consequence of Dodd-Frank on mid-market PE firms will be to reallocate our finite financial and human resources away from making and managing productive investments to administrative, registration and compliance matters, without creating any public benefit in terms of reducing systemic risk or enhancing investor disclosure. I will cite in my oral and written testimony research that has demonstrated the

effective job-creating role that firms like mine play in our economy as well as specific transactions that have preserved or created thousands of jobs in our portfolio companies.

I fully recognize that your important role is not to establish public policy but rather to establish and execute rules that are consistent with the legislated mandate. I understand that the SEC must consider not only the costs to firms like mine, but also the public benefit in terms of better managing systemic risk and enhancing investor protection. In this regard, I believe that the facts are clear. Although existing securities laws already govern our activities, the Dodd-Frank Act has been imposed upon us as a byproduct of the government's goal of monitoring hedge funds and other similar public-trading entities that may pose risks to the public financial infrastructure. The Dodd-Frank Act was passed to avoid another Madoff-like Ponzi scheme and to manage systemic risk. Like most of our peers, (i) we do not engage in public securities trading, and (ii) our modest size poses no systemic risk to the U.S. financial system. Moreover, before we buy a business, we spend months engaged in an extensively documented due diligence process and our transactions are often vetted by Hart-Scott-Rodino filings as well as applicable Federal and state agencies. With respect to our investors, our actions and conduct are governed by comprehensive, thoroughly negotiated, and carefully crafted partnership contracts. Our investors are primarily insurance companies, corporate pension funds, endowments, and foundations. These investors work with consultants and other industry specialists to thoroughly and exhaustively diligence every element of our business, track record and investment process, and to secure market terms and other mechanisms to protect their interests.

The bottom line for Atlas is that we expect to spend $500,000 in 2011 and $350,000 per year thereafter for compliance manuals and oversight, employee trading records, legal documentation, and the hiring of additional compliance employees. To pay for this, we will cut employee costs elsewhere, and we will postpone hiring productive professionals to help us grow our business. These costs are real, but the public benefit is non-existent. The information captured under the new regulations will not address insider trading or reduce systemic risk. No one wants another Lehman crisis or Madoff debacle harming investors and tarnishing reputations of all of us in the financial community by association; however, it should be noted that neither Lehman nor Madoff were private equity businesses. Regulation enacted too broadly – and without the appropriate resources to enforce it – is not just going to be a costly nuisance, but also an enormous burden on our system. By shifting our energy away from our highly productive focus – identifying, purchasing, repairing and growing small to mid-size businesses to create jobs for America and outstanding returns for investors – it will ultimately harm the very people the SEC is trying to protect.

Our goal and request is that you grant private equity firms that do not conduct public trading operations a one-year exemption from compliance with the Dodd-Frank Act provisions requiring registration under the Investment Adviser's Act of 1940, under the authority granted the SEC under Section 206A of the Advisers Act, before we have to spend the time, effort, and money preparing for the regulations which will take effect in July 2011. During this extra year, the SEC can further study the private equity industry and determine whether additional targeted regulatory requirements that make sense for our industry are in order. In the interim, rules and regulations regarding the operation of our business are already in place under the Securities Act of 1933, the Investment Company Act of 1940 and the Advisers Act (including the anti-fraud provisions thereof), and our investment authority and fiduciary responsibility to our investors is governed by a heavily-negotiated limited partnership agreement. I understand that there is ample precedent for such a delay, as was granted to the venture capital subsector of private equity and to the Sarbanes-Oxley requirements relating to small companies. The benefits to such a measured approach are manifold, including the elimination of unnecessary expenditures of time and money and the ability for our firm, and others like us, to channel our efforts into productive job-creating pursuits at exactly the time the country needs it most.

Should you have any questions regarding this letter or Atlas Holdings, please do not hesitate to contact me.

Respectfully,

Andrew M. Bursky
Chairman
Atlas Holdings LLC