



VENTURE
INVESTMENT
ASSOCIATES



June 1, 2011

The Honorable Mary Schapiro, Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

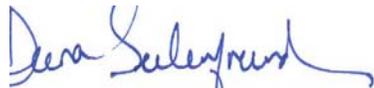
Dear Madame Chairman,

As a follow-up to your recent phone call with Representative Carolyn Maloney (D-NY) and our meeting in mid-March with you, your staff, representatives of VCFA Group, Cuyahoga Capital, PEI Funds, Willowridge Partners, and Mary Joan Hoene of Carter Ledyard & Milburn LLP, we are responding to your question as to what kind of limiting principles might be developed to include our firms in the exemption from investment adviser registration for Venture Capital firms under new Section 203(l) of the Investment Advisers Act of 1940 (“Advisers Act”), as stipulated by Section 407 of the Dodd-Frank Act.

We believe the Venture Capital definition (or a separate exemptive definition under Section 206A) should include:

- 1. A private secondary fund (“SF”) that is actively engaged in purchasing interests primarily in existing: (A) venture capital funds which invest directly in private portfolio companies as defined under Section 203(1) of the Advisers Act, (B) other private funds that invest primarily in private companies that do not invest in or trade public securities, and (C) funds of funds that invest in venture capital funds described in (A) and/or in other private funds described in (B). The SF may not: i) invest in or trade public securities, ii) allow redemptions by investors in the normal course of business, or iii) incur leverage. The SF must invest at least 80 percent of its assets under management in the funds described in (A), (B) and (C) on a cash-for-equity or cash-for-limited partnership interest basis from a pool of capital provided privately by Institutional/High Net Worth Investors, all of whom must be “qualified clients” as defined in Rule 205-3 of the Advisers Act.**
- 2. A private venture capital fund of funds that invests its assets primarily in venture capital funds as defined under Section 203(l) of the Investment Advisers Act of 1940, with its remaining assets being invested in other private fund investments, including funds of funds, that do not invest in or trade public securities. A private venture capital fund of funds may not i) invest in or trade public securities, ii) allow redemptions in the normal course of business, or iii) incur leverage. Investors in a venture capital fund of funds must be Institutional/High Net Worth Investors, all of whom must be “qualified clients” as defined in Rule 205-3 of the Advisers Act.**

We believe that these limiting concepts would apply to a handful of existing firms, certainly not more than ten. As explained, we do not have the systemic risk or other issues that Congress sought to address in the Dodd-Frank Act. We do not have leverage in our funds, invest in or trade in public securities. We have strong compliance and oversight programs customized to our business. Investors in our funds are “qualified clients” under Rule 205-3 of the Advisers Act of 1940, and our funds are exempt from registration under the Investment Company Act of 1940. We use top public accounting firms that have stringent audit standards. The compliance regime under the Advisers Act would be onerous and largely irrelevant for our firms, with no commensurate benefit to investors. We are also subject to the anti-fraud provisions of the Advisers Act and other securities laws and will be reporting under Form PF once it is adopted. We thus should be released from registering as advisers with the Commission. Thank you for your time and consideration.



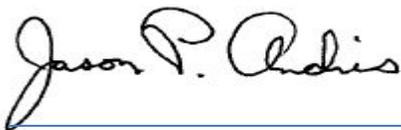
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Cuyahoga Capital Partners LLC



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Jason Andris
Managing Director
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Jerrold Newman
President
Willowridge Partners, Inc.

cc: Rep. Carolyn B. Maloney, U.S. House of Representatives

The Honorable Luis A. Aguilar, Commissioner;
The Honorable Kathleen L. Casey, Commissioner; The Honorable Troy A. Paredes, Commissioner;
The Honorable Elisse B. Walter, Commissioner; Eileen Rominger, Director, Division of Investment Management; Robert E. Plaze, Assistant Director, Division of Investment Management;

Dayton T. Carr, Managing Partner, VCFA Group; Mary Joan Hoene, Esq., Carter Ledyard & Milburn LLP