WILLOWRIDGE
PARTNERS
Liquidity for Private Equity Investors

Willowridge Partners, Inc.
25 East 86th Street | New York, NY 10028-0553

(212) 369-4700 MAIN LINE
(212) 369-5661 FAX

January 21, 2011

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

Dear Ms. Murphy:

RE: File #: S7-37-l0

Proposed Rule: Exemptions for Certain Advisors: Title IV Provisions Dodd Frank

I manage a secondary fund called Willowridge Partners, Inc. We buy limited partnership interests in venture capital and buyout funds on a secondary basis. One requirement of many institutional investors for venture and private equity investing is the ability to exit their investment, often as a matter of state legislation in the case of public pension funds or fiduciary standards. Venture capital and private equity are a long-term asset class. Unlike hedge funds which have quarterly or annual liquidity for their investors, venture capital and private equity investors must be prepared to wait as long as 10 to 15 years for investments to mature. Institutional investors often cannot wait that long. This is where secondary funds come into play.

The secondary industry provides institutional investors with a means to get liquidity via selling their investment interests. This has been particularly true during the recent economic crisis, when liquidity has been of increased importance. Some of the most sophisticated investors, such as Harvard University, CalPERS and others, have had to use the secondary industry to generate cash in times of economic crisis.

On behalf of pension funds, endowment funds and other investors, we invest in growth companies. Our investments which are private are governed by the Security Acts of 1933 and 1940.

Dodd Frank is written with an eye towards public securities; much of it does not apply to private securities. The rule changes created by Dodd Frank were foisted upon the SEC without thoughtful consideration by Congress as to whether or not the SEC's existing registration/compliance/custodial process with which many private advisors were being instructed to comply were appropriate for venture capital and private equity. Nor did any consideration of the cost/benefits of such compliance receive careful thought.

We believe that the examination of private equity funds (including venture capital, buyout and fund of funds) by the SEC will focus on the trading activity, trading reports, looking for clues of insider trading and safeguarding registered securities. Since this is a minor part of where venture capital and private equity funds focus their time, this would not be a productive endeavor for an SEC auditor. We were told by a firm which is registered that the focus of their SEC audit was on front running trades- a non issue for funds that trade maybe one or two times over their 10 to 15 year life.

How we would custody an LP interest confounds us. What inside information we possess also escapes us. We have no information useful at all to the public markets.

Compliance manuals, employee trading records, legal documentation, hiring of Compliance Managers or outsourcing that function and extra audits incur costs that are estimated to total about 15 % of our revenue in the first year and about 10 % of our revenue thereafter. Instead of making investments which create jobs, we will be spending our money on compliance- hardly the type of thing that is good for the US economy and job creation.

The SEC has been delegated with the enforcement responsibility; I have been in touch with former SEC commissioners and staff who think that this not a good use of the SEC's time (see attached). In addition this has not been a problem area for the SEC. We would like to suggest a solution that will save money and jobs while preserving the SEC's ability to enforce registration with appropriate tools.

Under Section 206B of the Investors Advisor Act of 1940, the SEC has unqualified authority to grant exemption from registration. We suggest the SEC grant a one year exemption, until July 1, 2012, to private equity, those venture funds which do not fall under the Dodd Frank definition, secondary funds and fund of funds investing in venture capital and private equity.

This is similar to the small company exemption granted under Sarbanes-Oxley. The time will allow the agency to learn more about private equity, venture funds and indirect vehicles (fund of funds and secondary funds) investing in this non-liquid asset class. We think that this will give the SEC a chance to formulate appropriate requirements or extend to secondary funds, fund of funds and private equity a similar exemption as that received by venture capital. This could avoid a large waste of money, and the associated jobs that money would support. A thoughtful look at this process would also benefit our industry's investors, pension funds and foundations that will see a decline in their returns as they ultimately pay this administrative charge.

In addition one requirement that needs to be dealt with right away is the requirement that when a fund is registered, it must produce audited statements 180 days after year end. For secondary funds and funds of funds ("Indirect Funds"), this is virtually impossible. These Indirect Funds (sometimes invested in other funds of funds) do not receive many of the underlying financial statements until late in the summer. The only way to do this in 180 days is to do an extraordinary amount of excess work and make educated guesses and try to satisfy auditors. A result is the statements are even less accurate. Indirect funds can only produce accurate statements by September 15. Furthermore getting the attention of auditors by smaller funds within the first 180 days of year end is also extremely difficult and much more costly. The national accounting firms would be just as happy to drop the smaller investment funds if they infringe on their busy period leaving the smaller investment funds to use the Madoff type of accountants.

Furthermore President Obama has recently spoken out about wasteful government regulations (see attached). What could be an example of this waste than having firms (i) file information that is not useful and (ii) has not been a problem to the system? My understanding is that the SEC doesn't have a budget to comply with this regulation and the current SEC auditors are not trained in secondary funds, fund of funds, private equity and venture capital.

We would be happy to discuss any aspects of this with you or your staff. Granting this one year exemption by the end of February is needed as the July 1, 2011 registration schedule requires private equity and Indirect Funds to spend most of those sums this spring to provide the SEC with what we believe will be useless data.

Sincerely yours,

Jerrold Newman

Jerrold Newman

Copyrighted material redacted. Author cites:

Gallo, Pete. "Former SEC Chair Blasts Private Equity Rules - PrivateEquityOnline."*PrivateEquityOnline - Global News and Comment on Private Equity*. 21 Jan. 2011. Web. 24 Jan. 2011. <http://www.privateequityonline.com/Article.aspx?article=58992>.

Obama, Barack. "Barack Obama: Toward a 21st-Century Regulatory System - WSJ.com."*Business News & Financial News - The Wall Street Journal - WSJ.com*. 18 Jan. 2011. Web. 24 Jan. 2011. <http://online.wsj.com/article/SB10001424052748703396604576088272112103698.html>.