

GEN CAP AMERICA, INC.

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 Dodd Frank

Subject File # S7-37-10

Dear Ms Murphy:

I am the owner and Chief Executive Officer of Gen Cap America, Inc., a small middle market private equity firm, which manages approximately \$300 million in capital across four institutional private equity funds on behalf of our investors. Gen Cap America was founded in 1985 and is currently invested in 16 companies and employs 10 individuals in our Nashville, TN office. Gen Cap provides all our employees with health insurance and a 401k plan. Our primary business objective is to partner with the management teams of our portfolio companies to maintain their businesses and generate strong returns for their equity and our investors' capital.

I am writing to inform you of the Dodd-Frank Wall Street Reform and Consumer Protection Act that will require most managers of private equity funds, including Gen Cap, to register with the SEC as an investment advisor. Under this Act, I understand we will need to provide information about our trades and portfolios that is necessary to the assessment of systemic risk. I certainly recognize the pressure the SEC is facing to develop regulations on trading businesses in a post-Madoff world. However, I do not believe, in general that the business activities of a middle market private equity firm with less than \$1 billion under management would be in a position to contribute to the systemic risk of the U.S. financial system. Our business model is simple; we invest in several businesses a year. We do not have a trading operation. Our typical investment is in a private company where the management team wishes to invest in the company by becoming part of the buying group. Recapitalizations are also structured for business owners who desire immediate liquidity yet wish to participate in the growth of their business by maintaining control.

As part of these new regulations, we are required to develop a compliance program; hire a compliance officer; custody our private company stock certificates, which are worthless to any party not part of the original purchase agreement; and register with the SEC. The cost of complying with these new regulations is estimated to be \$150,000-\$250,000 per year, which is a significant sum for a firm that invests in two to three private companies each year in relation to the benefit it provides.

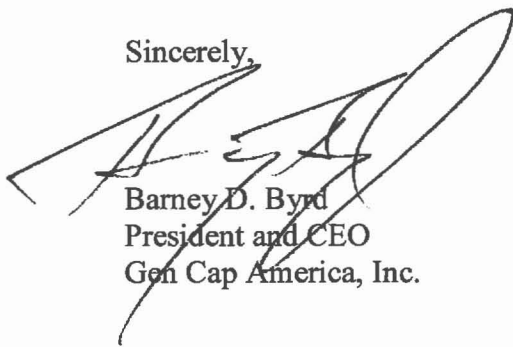
The oversight of our business currently falls under the SEC Investment Acts of 1933 and 1940. Our investment authority and fiduciary responsibility to our investors is governed by a 130 page limited partnership agreement that is heavily negotiated by our investors at the time of the fund's formation. We refer to this limited partnership agreement almost daily as we consider investments. In addition, from the inception of our firm, Gen Cap America, Inc. follows a few simple rules to run our business:

1. Follow a conduct of absolute integrity
2. Align our interest with our investors' portfolio companies; we invest alongside our investors and portfolio companies and hold seats at most of our companies.
3. Foster a culture of teamwork and mutual respect
4. Do not invest personally in a public company if we have non-public priority information
5. Do not make political contributions to officials who have influence over our investors

I understand that our regulators needed to act quickly to pass the Dodd-Frank act in order to help ensure the stability of the financial markets. However, I also believe that the SEC has a limited knowledge of the inner workings of private equity. I urge you to provide those private equity firms that do not conduct trading operations a one year exemption from registration under Section 206B of the Investors Act of 1940. This one-year period will provide time for the SEC to better understand the private equity industry, its benefits in providing capital primarily to small, privately-held companies and its very low likelihood of generating systemic risk.

Granting this one year exemption by the end of February, if possible, is needed as the July 1, 2011 registration schedule requires private equity firms to spend enormous sums of money and time in order to send data to the SEC, which, in my opinion, will not be helpful or useful in minimizing risk to the financial system and will take money and time away from creating jobs.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'B. Byrd', is written over the typed name and title.

Barney D. Byrd
President and CEO
Gen Cap America, Inc.

cc: Don Napier
Mac Davis
Stephen Mears