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1 July 2003

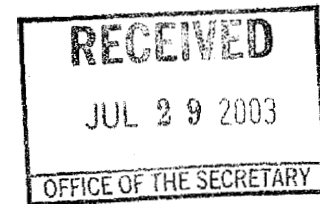
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SEC Complaint Center
450 Fifth Street, NW
Washington, D.C. 20549-0213

Via Fax: 202-942-9634

Re: SEC regulation of Hedge Funds

To whom it may concern:



As an small investor, small businessman, and veteran, I would like to complain that SEC regulations make it difficult for me to invest in and to get comparative information about Hedge Funds in the United States. Because Hedge Funds apparently cannot advertise, the SEC makes it very difficult to get good information and to compare various hedge products. In addition, because of large minimum net worth requirements ("qualified investor" regulations), it is difficult to invest in this fast vestige of profitability in our choppy equity markets. I am requesting that the SEC not impose further regulations on hedge funds, and that the current regulations be loosened to allow smaller investors to participate.

For example, the Bank of America Private Bank Trust Department lost hundreds of thousands of dollars (through poor investing practices) in my late mother's trust (as the recent severe market decline ensued, starting in 2000) at a time when Mom badly needed the money for end of life medical care. B of A has repeatedly refused to invest in hedged investments, because she and Dad were: not "qualified investors". The end result is substantially less money available to care for my aging father. I have repeatedly asked the Bank of America Private Bank to use hedge fund style investments, but they state my 94 year old father must have \$5,000,000 in assets to qualify for such investing. As most of Dad's funds must remain in irrevocable trust, his hands are tied.

While B of A may have followed prudent investor guidelines, they did not do the profitable thing, and certainly allowed enormous risk and losses to ensue. I am much more comfortable with the hedge fund investment management paradigm where the risk is hedged, and where the portfolio manager has an *incentive to perform*, as opposed to the typical mutual fund and "trust" company, where portfolio managers are not paid on incentive, and where those managers earn a salary regardless of their performance.

It is the American Way to pay people on incentive for good performance, yet the SEC makes it difficult for me to invest (within the United States) in incentive-based hedge funds, which profit both in up and down markets, and have outperformed almost every mutual fund for the last several years. I would gladly pay the typical hedge fund 20% of profit (high water mark) fee, rather than continue to lose money through so-called "prudent" investing.

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As you must know, most hedge funds (since they do not necessarily correlate to the S & P 500) are generally less risky by their very nature, because they insure against risk. So, why does the SEC "protect" investors from such safer investments? I can only guess that the US banking and mutual fund lobbies exercise enormous power over the SEC and Congress. While there have been a few high profile examples of risky activity in hedge funds, such examples are rare, and certainly the irresponsible behavior of mutual funds, banks, brokerages, and trust companies over the past ten years has been far more widespread and damaging to the financial health of Americans than hedge funds.

It is interesting that most hedge funds have substantially outperformed mutual funds over the last three, five, and ten year periods. By strange quirk of fate, the SEC is now trying to add additional regulations to the last remaining trace of truly "American" incentive based and successful funds, the hedge funds. Also, by requiring investors to be qualified by virtue of their income stream and assets is no virtue at all, and I believe this is a violation of my free speech, and right to free expression, I should get to decide where to put my assets, not a government organization like the SEC, who has clearly failed to protect the American public from huge financial fiascos by corporations, banks, brokerages and trust companies, which lost trillions of post-tax hard earned American dollars.

Is the mutual fund lobby so strong that it has brought the SEC to its knees? I should be able to invest my after-tax dollars in any way that I like. Why are you limiting my ability to do so?

I look forward to hearing from you at your earliest convenience as to why you are trying to restrict and over-regulate the hedge fund industry.

Sincerely yours,



Charles E. Waldron, III

cc: Senator Diane Feinstein (202) 228-3954
cc: Senator Barbara Boxer (415) 956-6701
cc: Representative Henry Waxman (323) 655-0502