

COMPLAINT INFORMATION

Providable Documents:

Description:

We respectfully petition the Securities and Exchange Commission (the "Commission") to take immediate action to protect our investment advisory clients from being deprived of their regulatory protections under the Securities Exchange Act of 1934 (the "Exchange Act"). Specifically, we and our clients add our voices to the petition of Stephen J. Nelson dated 1/3/2003, and request that the Commission exercise its authority under Section 12(g)(5) of the Exchange Act to amend Rule 12g5-1 under the Exchange Act ("Rule 12g5-1") to include as "held of record" with respect to any particular equity security each account for a beneficial owner holding the security in "street name."

We present the Commission with yet another example of an issuer exploiting the loophole provided by the current text of Rule 12g5-1, and unfairly depriving its investors (including our clients) of the regulatory protections to which they are entitled under the Exchange Act.

On 11/08/2007, Accredited Mortgage Loan REIT Trust (the "REIT", CIK# 0001297178) filed form 15-12B, notifying the Commission of the Issuer's intention to deregister its 9.75% Preferred Stock.. Relying on the loophole provided by the current text of Rule 12g5-1, the REIT claims to have only 65 holders of record as of the filing date. Of course, the number of beneficial owners is much larger (we estimate in excess of 800) - after all, the REIT has 4,093,678 shares of preferred stock outstanding with a liquidation preference of \$102,341,950, which capital was raised in the stock market just a few years ago in a public offering underwritten by prominent investment banks. The REIT was only too happy to accept this capital from the public, and pursuant to its deregistration it has not offered to return any capital back to the public.

In a particularly cynical twist, the REIT is telling one branch of the federal government - the Treasury Department - that it is not a "closely held" corporation (which is a requirement for it to enjoy its tax-free status as a real estate investment trust), while it is simultaneously telling another branch of the federal government - the Commission - that in fact it is a closely held corporation (which is a requirement for it to deregister as a public filer).

Of course, the stimulus for the REIT to behave in this scurrilous fashion was the recent buyout of its corporate parent, Accredited Home Lenders ("Accredited", CIK #0001174735) by Lone Star Funds ("Lone Star"). Surely Congress did not intend to include huge, massively profitable private equity firms such as Lone Star in its definition of "small businesses" who are entitled to relief from the burdens of the Exchange Act. Again, we respectfully request the Commission to plug this loophole. Change Rule 12g5-1 to include beneficial owners as "owners of record", so that our clients may enjoy the full regulatory protections to which they are entitled. We urge you to take action promptly.