



**National Association of Independent
Public Finance Advisors**

www.naipfa.com

March 10, 2008

Ms. Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: **Offers and Sales of Securities to "Large Accredited Investors"**

Dear Ms. Morris:

The Board of Directors of the National Association of Independent Public Finance Advisors ("NAIPFA") has considered the pending proposal of the Securities and Exchange Commission to create a new exemption from the registration requirements of the Securities Act of 1933 for offers and sales of securities to "large accredited investors" published on August 10, 2007, at 72 F.R. 45116 et seq.

NAIPFA is a national professional association of independent public finance advisors to state and local governments. We train, test and certify advisors and undertake educational and informational activities.

We are concerned that allowing private placements to local governments with only \$5 million in assets would facilitate fraudulent behavior against unsophisticated local governments. Virtually any local governments with streets, water systems, wastewater systems, administration buildings, schools or the like has at least \$5 million in assets. Those assets do not relate in any way to investment sophistication or expertise.

Even having \$5 million in investment assets does not imply such expertise. For example, many states manage local government investments through state investment vehicles. The local governments do not have experience in the management of those investments.

Moreover, bond indentures for municipal securities commonly provide for the investment of reserve funds, capitalized interest, bond funds to be paid to investors and other amounts. Those investments are held by trustees. If those funds were misapplied, not only could the local governments suffer but their investors as well.

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Given such considerations, we respectfully suggest the \$5 million test be applied to investments under direct active management by the local governments.

Thank you for this opportunity to comment on the proposal.

Yours very truly,
National Association of Independent Public Finance Advisors



Kathleen A. Aho, CIPFA
President