April 28, 2008

Dear Sir or Madam,

These comments are in response to the request for comments to the proposed ADV II Amendment (File No. S7-10-00)

Under Item 9 : Disciplinary Action

I do not think Arbitration claims should be included as it is a very subjective process and the outcome is very dependent on the arbitrator (s) and the presentation of the facts at a particular hearing. It is not an indication of any wrongdoing of a client but more of a claim usually brought on by a drop in the client's portfolio. During the recent Bear Market we experienced a few arbitration claims for the first time in our 15 year history. The were all a result of unhappy clients with the severe downturn in the markets.

IF it is required, I encourage you to set a minimum of $50,000 since the smaller claims are settled because it is an economic decision (often by the insurance carrier) because of the high cost of litigation even with arbitration.

Annual Delivery of Brochure: unfortunately the new brochure will likely be much longer than the current ADV II and I have concerns about how much paper will be sent to clients annually. Already many clients have opted for electronic delivery of monthly statements from custodians. I would suggest that clients be given an option to receive it electronically annually or waive it altogether as many would not wish to receive even more papers.
I would strongly urge you not to require interim delivery of the brochure unless there is a significant disciplinary action or sanction.

Updating: Is the proposed amendment requiring that if a new analyst is hired doing research, an update must be sent? I believe clients would only be concerned if **their portfolio manager** is replaced. Then an update **ONLY** for those clients effected would be sent and it could be sent via letter, email or FAX. The only issue is keeping the clients informed of who is managing their porfolio.

Other Business Activity: I am supportive of any disclosure of significant business activity either by way of time or money. If it is PASSIVE income I do not think it needs to be disclosed unless there is a clear conflict. For example, investments as a limited partner in real estate vnetures that in no way relate to the firm's investments.
If the commission is trying to simply the process in favor of informing the investing public, I do not think there is a need to have supplements files either electronically or with the commission. Simple retaining a copy of the supplement informing clients of the new "hire" that will be overseeing their portfolio should be sufficient.

Finally, following the implementation of the new IARD system along with the Adviser policy and procedure requirements, the estimated time and cost to fully implement and maintain the ADV I believe are grossly underestimated. It has now become both a financial and economical burden on most small and mid-size firms. At various compliance meetings and seminars, most CCO's

say they are overburdened with constant paperwork and documentation. I can only assume the new rules will increase that burden and firms will need to put more resources into compliance and not client research and attention.

Hopefully the above will prove helpful.

Respectfully submitted,

Michael Berlin, CCO
Private Asset Management, Inc.