

SECURITIES AND EXCHANGE COMMISSION

[Release No. IA-2500 / 803-187]

Adler Management, L.L.C.; Notice of Application

March 21, 2006

Agency: Securities and Exchange Commission (“SEC”); Notice of Application

Action: Notice of Application for Exemption under the Investment Advisers Act of 1940 (“Advisers Act”).

Applicant: Adler Management, L.L.C. (“Applicant”).

Relevant Advisers Act Sections: Exemption requested under section 202(a)(11)(F) from section 202(a)(11).

Summary of Application: Applicant requests that the SEC issue an order declaring it and its employees acting within the scope of their employment to be persons not within the intent of section 202(a)(11), which defines the term “investment adviser.”

Filing Dates: The application was filed on July 25, 2005, and amended on January 31, 2006.

Hearing or Notification of Hearing: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC’s Secretary and serving Applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on April 13, 2006, and should be accompanied by proof of service on Applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer’s interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC’s Secretary.

Addresses: Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090. Applicant, Adler Management, L.L.C., c/o Luz Campa, 10350 Bren Road West, Minnetonka, Minnesota 55343.

For Further Information Contact: Catherine E. Marshall, Senior Counsel, or Jennifer Sawin, Assistant Director, at (202) 551-6787 (Division of Investment Management, Office of Investment Adviser Regulation).

Supplementary Information: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

Applicant's Representations:

1. Applicant was organized in 1996 to serve exclusively as a "family office" for the members of the Rauenhorst family, its entities and charities. Applicant states this will continue to be the sole purpose for its existence. Applicant provides services to: (i) Gerald and Henrietta Rauenhorst, their lineal descendants (including by adoption) and spouses of their lineal descendants (the "Rauenhorst Family"); (ii) entities that receive investment advisory services from Applicant that are beneficially and solely owned by (with one exception as provided herein) or solely for the benefit of various members of the Rauenhorst Family, and several entities that do not and will not receive investment advisory services from Applicant and each of which is majority-owned by members of the Rauenhorst Family and is also owned by employees or former employees of Applicant ("Rauenhorst Family Entities"); and (iii) charitable entities that were created by and are administered under the discretion of members of the Rauenhorst Family ("Rauenhorst Family Charities"). (Persons receiving services from Applicant are referred to herein as "Clients". Clients that receive investment advisory services from Applicant are referred to herein as "Advisory Clients".)

2. Applicant is owned exclusively by members of the Rauenhorst Family and its Board of Directors is composed exclusively of members of the Rauenhorst Family. Applicant's Board of Directors oversees all aspects of Applicant's operations.

3. Applicant represents that as a "family office", it provides a wide range of general management services to Clients, including budget preparation and management services; recordkeeping, bookkeeping and accounting services; federal and state tax return preparation services; real asset management services; insurance and risk management services; custodian and executor services; estate planning services; federal and state tax planning; coordination with accountants and attorneys; investment advisory services; and other administrative services.

4. Applicant represents that the fees it receives cover only its costs and are not intended to generate a profit.

5. Applicant represents that it does not hold itself out to the public as an investment adviser. Applicant represents that it is not listed in any phone book as an investment adviser or in any other directory as an investment adviser.

6. Applicant represents that it does not engage in advertising and that it will not solicit or accept as a client any person who is not a member of the Rauenhorst Family, a Rauenhorst Family Entity or a Rauenhorst Family Charity.

Applicant's Legal Analysis:

1. Section 202(a)(11) of the Advisers Act defines the term "investment adviser" to mean "any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities" Section 202(a)(11)(F) of the

Advisers Act authorizes the SEC to exclude from the definition of “investment adviser” persons not within the intent of section 202(a)(11).

2. Section 203(a) of the Advisers Act requires investment advisers to register with the SEC except as provided in section 203(b) and 203A. Section 203(b) of the Advisers Act provides exemptions from this registration requirement.

3. Applicant represents that it currently relies on the registration exemption provided in section 203(b)(3) of the Advisers Act because it only has thirteen (13) clients. Applicant represents, however, that this exemption is operating as a constraint on its ability to provide advisory services to Clients, as children in the Rauenhorst Family cease to be minors and leave their childhood households. Applicant represents that it is not eligible for any other registration exemptions provided in section 203(b) and that it is not prohibited from registering with the SEC under section 203A(a) because Applicant has assets under management of not less than \$25,000,000.

4. Applicant requests that the SEC issue an order pursuant to section 202(a)(11)(F) declaring it and its employees acting within the scope of their employment to be persons not within the intent of section 202(a)(11).

5. Applicant states that there is no public interest in requiring it to be registered under the Advisers Act. Applicant states that it was formed to be the “family office” for the Rauenhorst Family. Applicant represents that all of its clients are members of the Rauenhorst Family, Rauenhorst Family Entities or Rauenhorst Family Charities. Applicant further asserts that the interests of the Applicant, its employees and its Clients are closely aligned because Applicant is owned exclusively and controlled by members of the Rauenhorst Family; Applicant’s employees are fully accountable to Applicant’s Board of Directors, which consists exclusively of members

of the Rauenhorst Family; and the Clients are all either members of the Rauenhorst Family, Rauenhorst Family Entities and Charities. Applicant represents that only one person who is not a Rauenhorst Family member has any beneficial interest in a Rauenhorst Family Entity that is an Advisory Client of Applicant. This person is a long-standing loyal family employee, and he will not be permitted to increase his existing investment or to invest in other Rauenhorst Family Entities. Applicant states that apart from this isolated exception, it will prohibit persons that are not members of the Rauenhorst Family, Rauenhorst Family Charities or Rauenhorst Family Entities from investing in Rauenhorst Family Entities that are Applicant's Advisory Clients.¹

For the SEC, by the Division of Investment Management, under delegated authority.

Nancy M. Morris

Secretary

¹ Applicant further states that Rauenhorst Family Entities that are only majority-owned by members of the Rauenhorst Family and are owned by employees or former employees of Applicant do not and will not receive investment advisory services from Applicant.