



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

DELIVERY VIA FACSIMILE

Re: Examination of _____ (the "Adviser")

Dear _____

The staff of the U.S. Securities and Exchange Commission is conducting an examination of the Adviser pursuant to Section 204 of the Investment Advisers Act of 1940 (the "Advisers Act"). The purpose of the examination is to assess the Adviser's compliance with provisions of the Advisers Act and the rules thereunder.

Additional information about compliance examinations and the examination process is included in the enclosed "*Examination Information*" brochure (SEC Form 2389). Also enclosed is the "*Supplemental Information for Regulated Entities Directed to Supply Information Other Than Pursuant to a Commission Subpoena*" (SEC Form 1661), which includes information regarding the Commission's authority to obtain the information requested and additional information.

Information Requested

Please provide all of the information specified in the enclosed information request list. Some of the information is to be provided to the staff by mail in advance of the staff's on-site examination, and the remainder of the items should be provided to the staff on the first day of the on-site examination. The items underlined and highlighted in red lettering should be sent to the examination staff no later than **October 23, 2009**. The staff requests that certain items be provided in an electronic format to the extent possible. Additional information about the desired electronic format is included in the document request list.

If the Adviser becomes aware of the need for delay in the production of any requested information that extends beyond the first day of the on-site examination, the Adviser should

immediately contact the undersigned at the telephone number indicated. During the examination, the staff may also request additional or follow-up information, and will discuss timeframes for the Adviser to produce this information.

The On-Site Phase of Examination

The on-site phase of the examination will begin on _____, 2009. The staff appreciates the Adviser's cooperation in facilitating the examination process.

We request that you make adequate office facilities available to the staff during the on-site examination, to ensure the confidentiality and efficiency of the examination. After arriving on-site, the staff would like to speak with at least one member of senior management to obtain an overall view of the Adviser's organization, business, compliance program, and compliance culture. Early in the on-site portion of the examination, the staff would also like to discuss the Adviser's overall compliance program as well as specific policies and procedures with the Adviser's Chief Compliance Officer(s). Also during the on-site portion of the examination, in order to understand fully the Adviser's operations and compliance controls in these areas, the staff will want to interview persons responsible for functions such as risk management, portfolio management, trade execution, research, back office/administration, information technology, anti-money laundering, and marketing.

Background Regarding the Information Requested

Each investment adviser and investment company that is registered with the Commission is required to adopt and implement written policies and procedures reasonably designed to prevent violations of the federal securities laws, and to review those policies and procedures at least annually for their continued adequacy and the effectiveness of their implementation. In addition, registered advisers and funds are required to designate a chief compliance officer responsible for administering the policies and procedures. Each adviser should adopt policies and procedures that take into consideration the nature of that firm's operations. The policies and procedures should be designed to prevent violations from occurring, detect violations that have occurred, and correct promptly any violations that have occurred.

The initial phase of a routine examination generally includes a review of the firm's business and investment activities and its corresponding compliance policies and procedures. The staff will request information and documents and speak with the Adviser's employees to ensure an understanding of the firm's business and investment activities and the operation of its compliance program. Using the information obtained, the staff will assess whether the Adviser's policies and procedures appear to effectively address the firm's compliance risks. The initial phase of a routine examination also includes testing of the Adviser's compliance program in particular areas. The information requested and the purpose for requesting the information is described below.

- Certain general information is requested, such as the Adviser's organizational charts, demographic and other data for advisory clients and a record of all trades placed for its

clients (trade blotter) -- to provide an understanding of the Adviser's business and its investment activities.

- Information about the Adviser's compliance risks is requested, and the written policies and procedures that the firm has established and implemented to address those risks -- to provide an understanding of the firm's compliance risks and its corresponding controls. This information would include, for example, any inventory performed of the firm's compliance risks and its compliance manual or policies and procedures.
- Documents relating to the Adviser's compliance testing is requested -- to provide an understanding of how effectively a firm has implemented its compliance policies and procedures. This information would include, for example, the results of any compliance reviews, quality control analyses, surveillance, and/or forensic or transactional tests performed by the firm.
- Information regarding actions taken as a result of compliance testing is requested -- to provide an understanding of steps taken by the firm to address the results of any compliance reviews, quality control analyses, surveillance, and/or forensic or transactional tests performed by the firm. This information would include, for example, any warnings to or disciplinary action of employees, changes in policies or procedures, redress to affected clients, or other measures.
- Other information is requested -- to allow the staff to perform testing for compliance in various areas.

As part of the pre-examination planning process, the staff actively coordinates examination oversight to ensure that regulatory efforts are not duplicative. If you have any concerns in this regard, please contact the undersigned.

Your cooperation is greatly appreciated in the examination process.

Sincerely,

Staff Accountant

Enclosures:

Examination Document Request

Examination Information Brochure (Form 2389)

Supplemental Information (Form 1661)

Exhibit 1: Layout for Securities Trading Blotter/Purchases and Sales Journal

Examination Document Request

Examination Period

Information is requested for the period **January 1, 2007** through **September 30, 2009** (the "Examination Period").

Organizing the Information to be Provided

In order to efficiently process the material assembled for the staff's review, please group the information so that it corresponds to the item numbers on the request list. If information provided is responsive to more than one request item, you may provide it only once and refer to it when responding to the other request item numbers. If any request item does not apply to your business, please indicate "N/A" (not applicable).

Information to be Provided

I. General Information

- A. Adviser's organization chart showing ownership percentages of the Adviser and control persons and a schedule or chart of all affiliated entities.
- B. Names of any of the Adviser's officers and/or directors who resigned during the Examination Period and information regarding the reason for their departure.
- C. Names of employees who were disciplined and/or terminated during the Examination Period and information regarding the reason for the action.
- D. Any threatened, pending, or settled litigation or arbitration involving the Adviser or any "Supervised Person" (if it relates to the individual's association with the Adviser or a securities-related matter), including a description of the allegations, the status, and a brief description of any "out of court" or informal settlement. Note that a Supervised Person is any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser (defined in Section 202(a)(25) of the Investment Advisers Act of 1940). If none, please provide a written statement to that effect.
- E. Current standard client advisory contracts or agreements.
- F. All sub-advisory agreements executed with other investment advisers.
- G. Current fee schedule(s).
- H. Any power of attorney obtained from clients, if not otherwise stated in advisory contracts.

- I. Names of any joint ventures or any other business in which the Adviser or any officer, director, portfolio manager, or trader participates or has any interest (other than his/her employment with the Adviser), including a description of each relationship.
- J. The Form ADV, Part II furnished to clients during the Examination Period and any disclosure document used in conjunction with or in lieu of Part II.
- K. Names and locations of all service providers (affiliated and unaffiliated), including a description of the services the providers perform, the Adviser's due diligence process for selecting and monitoring the providers, and the Adviser's procedures for addressing potential conflicts of interest and information leakage issues.

II. Information Regarding the Adviser's Compliance Program, Risk Management, and Internal Controls

A. Compliance Policies, Procedures, and Testing

1. All compliance policies and procedures that were in effect during the Examination Period.
2. Information relating to the Adviser's compliance testing, including any compliance reviews, quality control analyses, surveillance, and/or forensic or transactional tests performed by the firm. This information should include any significant findings, both positive and negative, of such testing and a description of any corrective or remedial actions taken regarding these findings.

B. On-going Risk Identification and Assessment

1. A current inventory of the Adviser's compliance risks that forms the basis for its policies and procedures, including any changes made to the inventory and the dates of the changes.
2. Any documents maintained that map the Adviser's inventory of risks to its written policies and procedures.
3. Any written guidance the Adviser has provided to its employees regarding its compliance risk assessment process and the process for creating policies and procedures to mitigate and manage its compliance risks.

C. Use of Internal Audit

Any internal audit review schedules and completed audits, including the subject and the date of the audit report.

D. Supervision of Remote Offices and/or Independent Advisory Contractors

A description of the process the Adviser uses to oversee any remote offices and/or independent advisory contractors, and any policies and procedures applicable to such oversight.

E. Client Correspondence and/or Complaints

Any client complaints and a description of the process used for monitoring client correspondence and/or complaints, including the name of any third-party service provider used and a description of the process the Adviser uses to oversee the service provider.

F. Annual and/or Interim Reviews

Documentation maintained regarding any reviews conducted of the Adviser's compliance policies and procedures, including any annual and/or interim reports.

G. Compliance Issues Log

A record of any non-compliance with the Adviser's Code of Ethics and any action taken as a result of such non-compliance.

H. Valuation

1. Names of all pricing services, quotation services, and externally-acquired portfolio accounting systems used in the valuation process, including whether they are acquired using hard- or soft-dollars or a combination thereof.
2. Names of all fair-valued and illiquid securities held by clients, a description of any fair value process employed (including any testing and results), and all fair value reports prepared or reviewed by a valuation committee.
3. Supporting documentation for the most recent advisory fee calculation, including performance fees and the manner in which the fees were calculated.

I. Information Processing, Reporting, and Protection

1. Any written guidance used to comply with Regulation S-P, including that addressing administrative, electronic, and physical safeguards for the protection of customer records and information.
2. Documentation of controls of employee access (*i.e.*, electronic key card entry, locks, security cameras, and guards) to physical locations containing customer information (*i.e.*, buildings, computer facilities, and records storage facilities).
3. Documentation of electronic access controls, including user authorization and authentication, firewall configuration, security advisories on vulnerabilities in software

and hardware installation configurations, and implementing workarounds, security patches, and upgrades.

4. Adviser's business continuity plan.

III. Advisory Trading Activities

- A. A trade blotter (*i.e.*, purchases and sales journal) that lists transactions (including all trade errors, cancellations, re-bills, and reallocations) in securities and other financial instruments (including privately offered funds) for: current and former clients; proprietary and/or trading accounts; and Access Persons. The preferred format for this information is Excel as indicated in **Exhibit 1**.
- B. Provide the information below for all advisory clients. The preferred format for this information is Excel.
 1. For current advisory clients, provide:
 - a. the account number, name, and current balance as of January 1, 2007, January 1, 2008, and September 30, 2009;
 - b. whether the client is a related person, affiliated person, or a proprietary account;
 - c. the type of account (e.g., individual, defined benefit retirement plan, registered fund, or unregistered fund);
 - d. the account custodian and location;
 - e. whether the custodian sends periodic account statements directly to the client; whether the delivery is electronic and, if so, a copy of the authorization and the form of electronic delivery (e.g., email or website login);
 - f. whether the Adviser has discretionary authority;
 - g. whether the Adviser, an officer, or an affiliate acts as trustee, co-trustee, or successor trustee or has full power of attorney for the account;
 - h. whether the Adviser or a related person is deemed to have custody of, possession of, or access to the client's assets, and if so, the location of the assets;
 - i. the investment strategy (e.g., global equity, high-yield, aggressive growth, long-short, or statistical arbitrage) and the performance composite in which it is included, if any;
 - j. the account portfolio manager(s);
 - k. whether the account participates in a wrap program;
 - l. whether the client has a directed brokerage arrangement, including commission recapture (provide the name of broker(s), details of the arrangement, and any reports used to monitor payments of commissions);
 - m. the account value that was used for purposes of calculating the most recent advisory fee;
 - n. whether the client pays a performance fee and the most recent account performance figures;
 - o. whether advisory fees are paid directly from the client's custodial account; and

- p. for clients obtained during the Examination Period, the account inception date and name(s) of consultant(s) related to obtaining the client, if any.
2. Names of advisory clients lost, including the reason, termination date, and asset value at termination for 2007, 2008, and 2009.
3. Names of any financial planning, pension consulting, or other advisory clients not named in response to Item 1 above.

C. Portfolio Management

1. Names of all securities held in client portfolios as of January 1, 2007, January 1, 2008, and September 30, 2009 including for each position: the aggregate market value; aggregate number of shares or principal and/or notional amount held; name of each client holding an interest; and amount owned by each client. The preferred format for this information is Excel.
2. Minutes of investment and/or portfolio management committee meetings, if such committees exist and minutes are maintained.
3. Names of any publicly traded companies for which employees of the Adviser or its affiliates serve as officers and/or directors and the name(s) of such employees.
4. Names of companies for which employees of the Adviser or its affiliates serve on creditors' committees and the name(s) of such employees.
5. The Adviser's ten most profitable and ten least profitable investment decisions based on total return (including unrealized gains or losses) of positions opened and closed for each investment strategy or mandate offered to clients. Please include the purchase date, sale date, percentage of gain or loss, and dollar amount of the gain or loss.

D. Brokerage Arrangements

1. Any documents created in the evaluation of brokerage arrangements and execution.
2. Soft-dollar budget or similar document that describes the products and services the Adviser obtains using clients' brokerage commissions.
3. Commission-sharing arrangements, including the name of the broker-dealer and total dollar amount allocated to each arrangement during the last 12 months.
4. All broker-dealers affiliated with the Adviser, including a description of their affiliation and their clearing arrangements.
5. Securities in which the Adviser or an affiliate was a market maker.

6. Securities for which the Adviser or an affiliate acted as underwriter or participated in the underwriting as manager or member of a purchase group (or syndicate) or selling group. For each security, include the date of the underwriting.

7. Policies and procedures addressing trade errors and documentation related to any errors.

E. Trade Allocations

All initial public offerings (“IPOs”) and secondary offerings in which clients, proprietary accounts, or Access Persons participated and information regarding how allocation decisions were made. Include the trade date, security, symbol, total number of shares, participating accounts, and shares allocated to each account. For IPOs, indicate whether shares traded at a premium when secondary market trading began. The preferred format for this information is Excel.

F. Conflicts of Interest and/or Insider Trading

1. The Adviser’s and any affiliate’s Code(s) of Ethics and insider trading policies and procedures.
2. If not incorporated in the Code of Ethics, any policies and procedures adopted to address exemptions for employees, including those for personal hardship.
3. If not incorporated in the Code of Ethics, any policies and procedures governing personal trading of contract employees and temporary employees.
4. If not incorporated in the Code of Ethics, any procedures for monitoring personal trading of Access Persons.
5. Reports of securities transactions by Access Persons.
6. If not incorporated in the Code of Ethics, a description of the process used to monitor and control the receipt, flow, and use of non-public information, including any restricted, watch, or grey lists used.
7. Any fee-splitting or revenue-sharing arrangements.

IV. Performance Advertising and/or Marketing

- A. All pitch books, one-on-one presentations, pamphlets, brochures, and any other promotional and/or marketing materials furnished to existing and/or prospective clients for each investment strategy or mandate.
- B. All advertisements used to inform or solicit clients. If information on services and investments is available on the Internet, such as websites and blogs, make all versions available as either printouts or electronic archives.

- C. If websites include sections for clients or advisory representatives that are accessible only with a username and password, please establish a temporary username and password for the staff's use during the examination and include them in your response.
- D. All performance return composites, including for each composite: a description and the investment objective, inception date, account minimum, and whether or not the composite is used in marketing.
- E. All accounts included in each composite as of **September 30, 2009**. The staff may request the following records for each client account in an advertised performance composite:
 - 1. Internal calculations indicating beginning and ending asset values for each quarter, all capital additions and withdrawals (including the dates), and the quarterly performance returns.
 - 2. All custodial statements, including a statement that indicates the beginning asset value for the performance period. For example, the December 2006 statement for the verification of the calendar year 2007 performance returns.
- F. All accounts not included in a composite.
- G. All terminated composites.
- H. All parties compensated for soliciting clients, including: total cash and non-cash compensation paid and a summary of the business relationship with that entity (*e.g.*, consulting, prime brokerage, securities lending, etc.).
- I. All agreements, correspondence, and separate disclosure documents associated with third-party solicitors.
- J. All requests for proposals ("RFPs") completed.
- K. Names of all third-party consultants to whom the Adviser provided responses to questionnaires.
- L. Documentation that the Adviser is complying with the Global Investment Performance Standards ("GIPS"), if applicable.

V. Financial Records

- A. Adviser's balance sheet, trial balance, income statement, and cash flow statements as of its most recent fiscal year end and the most current year to date.
- B. Adviser's cash receipts and disbursements journal.
- C. Adviser's general ledger and chart of accounts.

- D. Any loans from clients to the Adviser or sales of the Adviser's or any affiliate's stock to clients.

VI. Custody

Please request that the Custodian(s) provide an acknowledgement that it sends account statements directly to clients (rather than solely to the Adviser) at least quarterly and provide the names of these clients (if this is an accurate statement). The Custodian should send the acknowledgment directly to:

Also, please be aware that after the on-site examination b _____ the Adviser to request the Custodian(s) to provide a confirmation of all positions, including cash, short positions, and loans, held as of a particular date for specific clients.

VII. Anti-Money Laundering ("AML")

All policies and procedures consistent with currently applicable federal requirements of the Office of Foreign Assets Control ("OFAC") designed to identify suspect accounts or transactions and the currency and monetary instrument reporting provisions of the Internal Revenue Code ("IRC") and the Bank Secrecy Act ("BSA").

EXHIBIT 1

Layout for Securities Trading Blotter/Purchase and Sales Journal

In conjunction with the scheduled examination, the staff requests records for all purchases and sales of securities for portfolios of advisory clients and proprietary accounts being advised by the Adviser. Please provide this record in **Excel** format. This record should include the fields of information listed below in a similar format.

Please provide separate worksheets for: (i) equities (Note: ETF trades should be included with equities); (ii) fixed income; (iii) cash or cash equivalents, maturities, calls, pay-downs, expirations, or reinvestments of mutual fund dividends or capital gains distributions; (iv) mutual funds; and (v) options, futures, swaps, and other derivatives.

Examples:

I. Equity Securities

Acct Name/#	Trade Date	Settle Date	Buy/Sell	CUSIP	Security Symbol	Security Description	Quantity	Unit Price	Principal/Proceeds/Notional Value	Total Commission	Fees	Net Proceeds	Broker
155	1/1/00	1/3/00	B	1234567	MSFT	Microsoft Corp.	100	\$100.00	\$10,000	\$10.00		\$9,990	ABC
123	1/2/00	1/5/00	S	89101112	IBM	IBM Corp.	500	\$100.00	\$50,000	\$50.00	\$1.67	\$49,948.33	DEF

II. Fixed-Income Securities

Acct Name/#	Trade Date	Settle Date	Buy/Sell	CUSIP	Security Description 1 (Issuer)	Security Description 2 (Coupon Maturity, etc)	Quantity	Unit Price	Accrued Interest	Principal Value / Proceeds	Total Commission	Net Proceeds	Broker
155	4/2/98	4/6/98	B	802586AG2	SANTA ROSA CA PKG FACS DIST	4.60% 07-02-2004	50,000	\$100	\$95.83	\$50,000	\$0	\$50,095.83	GHI

EXHIBIT 2

Layout for Record of Transactions

I. Equity Securities

Acct Name	Trade/Agreement Date	Settle Date	Buy/Sell	CUSIP	Security Symbol	Security Description	Quantity	Unit Price	Principal/Proceeds/Notional Value	Strike Price (for options or warrants)	Total Broker/Finder Commission	Fees	Net Proceeds	Broker-Dealer / Finder
155	1/4/05	1/7/05	B	1234567	MSFT	Microsoft Corp.	100	\$100.00	\$10,000		\$10.00		\$9,990	XYZ
123	1/2/06	1/5/06	S	89101112	IBM	IBM Corp.	500	\$100.00	\$50,000		\$50.00	\$1.67	\$49,948.33	ABC

II. Fixed-Income Securities

Acct Name	Trade/Agreement Date	Settle Date	Buy/Sell	CUSIP	Security Description	Coupon	Maturity	Par/Quantity	Unit Price	Accrued Interest	Principal Value / Proceeds	Total Commission	Net Proceeds	Broker-Dealer / Finder
155	4/2/05	4/6/05	B	05947UFP8	BASST 2002-X1 A3F 1MOLIB+50 144A	5.83	10/11/33	50,000	\$100	\$95.83	\$50,000	\$0	\$50,095.83	DEF
123	1/2/06	1/5/06	S	17131PBY5	Chula vista CA Spl Tax Cmnty Facs	6.35	9/1/18	20	\$102	\$304.60	\$20,400	\$39.95	\$20,664.65	HIJ
6578	1/3/06	1/6/06	B	912795CJY4	UNITED STATES TREASURY BILLS	4.69	12/24/06	100,000	\$99.046	\$0	\$99,046	\$0	\$99,046	Auction