



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
LOS ANGELES REGIONAL OFFICE
5670 WILSHIRE BOULEVARD, 11TH FLOOR
LOS ANGELES, CALIFORNIA 90036

Initial
Information
Request

August 16, 2011

DELIVERY VIA SECURE EMAIL

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 information regarding the Commission's authority to obtain the information requested and additional information: "*Supplemental Information for Regulated Entities Directed to Supply Information Other Than Pursuant to a Commission Subpoena*" (SEC Form 1661).

Information is 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 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 **Tuesday, September 6, 2011**. 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 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 examination staff will request information and documents and speak with the firm'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 firm'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 firm'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 firm'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 firm's business and its investment activities.

- Information about the firm'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 firm'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. If you have any questions, please contact me, at (323) 965-3959 or Harden Sooper at (323) 965- 3328.

Sincerely,

Nina Freedman
Examiner

Enclosures:
Information Request List
Examination Information Brochure (Form 2389)
Supplemental Information (Form 1661)
Supplemental Information (Form 1662)
Acknowledgment of Receipt of Forms



EXAMINATION INFORMATION FOR BROKER-DEALERS, TRANSFER AGENTS, CLEARING AGENCIES, INVESTMENT ADVISERS, AND INVESTMENT COMPANIES

This brochure, prepared by the staff of the Securities and Exchange Commission (SEC or Commission), provides information about examinations conducted by the SEC examination staff, including the examination process and the methods employed by the staff for resolving problems found during examinations. This information, provided to firms under examination, should help you to better understand the Commission's objectives in this area.

I. PURPOSE OF EXAMINATIONS

The Securities Exchange Act of 1934, the Investment Advisers Act of 1940, and the Investment Company Act of 1940 authorize the SEC to conduct examinations of firms that are registered with the SEC, including registered broker-dealers, transfer agents, clearing agencies, investment advisers, and investment companies. These statutes also authorize the SEC, by rule, to require registered firms to maintain certain books and records. The purpose of SEC examinations is to protect investors. Thus, during examinations, the SEC staff will seek to determine whether the firm is: conducting its activities in accordance with the federal securities laws and rules adopted under these laws (including, where applicable, the rules of self-regulatory organizations subject to the SEC's oversight); adhering to the disclosures it has made to investors; and implementing supervisory systems and/or compliance policies and procedures that are reasonably designed to ensure that the firm's operations are in compliance with the law. The SEC staff appreciates your cooperation with the examination process.

II. THE EXAMINATION PROCESS

Examinations are conducted by professional examination staff from the SEC's 11 regional offices, and its headquarters office in Washington, DC. The Office of Compliance Inspections and Examinations, located in Washington, DC, is responsible for the SEC's overall examination program.

Firms may be selected for examination for any number of reasons, including for a routine examination, because of an investor complaint, or in connection with a review of a particular compliance risk area. The reason why firms have been selected for examination is non-public information, and typically will not be shared with the firm under examination.

Examinations may be conducted on an announced or unannounced basis. When the examination is announced, the staff will send the firm a letter notifying it of the examination and containing a request list that identifies certain information or documents that SEC examiners will review as part of the examination. In some instances, the examiners may request that certain of the

information and documents be provided in an electronic format. The request list may ask that the information and documents: (1) be delivered to the SEC's offices by a specified date; (2) be made available for review at the firm's offices on a specified date; or (3) some combination of the two.

Please communicate promptly with the examiners if you have any questions about the documents and information requested. In all cases, producing requested information and documents in a timely manner will facilitate the efficient completion of the examination.

As part of our pre-examination planning process, we actively work to ensure that our regulatory efforts are not duplicative. If you have any concerns in this regard, please contact the examiners responsible for the examination.

The examiners will provide the firm with SEC Form 1661, "*Supplemental Information for Regulated Entities Directed to Supply Information Other Than Pursuant to a Commission Subpoena*," which provides information concerning the possible uses of information provided to the SEC (this form can also be accessed at www.sec.gov/about/forms/sec1661.pdf.) Upon request, the examiners will also provide the name and telephone number of their supervisor.

In many examinations, the examiners will visit the firm to conduct examination work on-site. Upon arrival, the examiners will identify themselves and present their SEC identifications. The examiners may conduct an initial interview. During this initial interview, the examiners will ask a series of questions about the firm and the activities to be examined. This information assists examiners in understanding the firm and its operations, and often assists examiners in determining the scope of the examination. The examiners may also ask for a walk-through of the firm's offices to gain an overall understanding of the firm's organization, flow of work, and control environment. Some examinations may be completed through the examiners' review of records in the SEC's offices along with telephonic or other interviews, as needed.

If the examination is unannounced, as soon as the examiners arrive they will provide the firm with an information or document request list and conduct an initial interview. During the initial interview, the examiners will go over the information or document request list to ensure that you understand the information and documents requested.

Following this initial phase of the examination, the examiners will review the information and documents provided by the firm. During this review, the examiners may make supplemental requests for additional information and documents. They may also request meetings with firm employees to discuss the firm's operations and the information and documents provided. These meetings help the examiners gain a better understanding of the firm's activities and compliance processes. The examiners may also request relevant information and documents from third parties that, for example, perform work for, or in conjunction with, the firm or where the third party activity may have a material impact on the firm.

On the last day of the on-site visit, the examiners will typically conduct an "exit interview" during which they will discuss the status of the examination and any outstanding information and document requests and, if appropriate, the issues identified during the examination to that point.

During an exit interview, the firm will be given an opportunity to discuss any of the issues that the examiners found and provide additional relevant information, including with respect to any actions that the firm has taken or plans to take to address the issues.

The examiners will then return to the SEC offices. In many cases, the examiners will perform additional analyses of the information or data obtained during the examination. This may include contacting the firm to ask clarifying questions or to request additional information or documents. In formulating the findings of the examination, the examiners may consult with other staff within the SEC, including supervisory staff and staff in relevant offices and divisions, to ensure that the findings are consistent with Commission rules, regulations, and interpretations.

If work performed subsequent to completion of the on-site portion of the examination identifies issues in addition to those discussed during the exit interview conducted on the last day of the on-site visit, the examiners will contact the firm, usually by telephone, to discuss these additional findings. During this discussion, which may constitute a “final exit interview,” the firm will be given an opportunity to discuss any of the issues that the examiners found and provide additional relevant information, including with respect to any actions that the firm has taken or plans to take to address the issues identified.

III. COMPLETING AN EXAMINATION

After the completion of the on-site portion of the examination, the examiners will normally complete the examination within 120 days. If the examiners are unable to complete their work within that time, on or about the 120th day they will contact the firm to discuss the status of the examination and the likely schedule for completing the examination and for providing a final exit interview.

When an examination has been completed, the firm will be sent a written notification. This notification will generally take one of two forms: (1) the examination staff may send the firm a letter indicating that the examination has concluded without findings (often referred to as a “*no-further action letter*”); or (2) the examination staff may send the firm a letter that describes the issues identified, asks the firm to undertake corrective action and to provide the staff with a written response outlining those actions, and possibly requests a conference at the SEC’s office (often referred to as a “*deficiency letter*”). If serious problems are found, in addition to sending the firm a deficiency letter, the examination staff may refer the problems to the Commission’s Division of Enforcement, or to a self-regulatory organization, state regulatory agency, or other regulator for possible action. Notwithstanding the above, on occasion (usually in the context of certain exigent circumstances) problems may be referred to the Division of Enforcement without an exit interview or a deficiency letter.

As described above, a written notification that the examination has concluded will generally be sent to the firm no later than 120 days following the end of the fieldwork phase of the examination. The firm will be asked to respond in writing to any issues identified in a deficiency letter, including any steps that it has taken or will take to address the problems and to ensure that they do not reoccur. This response will generally be due within 30 days of the date of the deficiency letter.

Providing a timely and complete response to a deficiency letter will facilitate the examination staff's review of your response. In particular, please be sure to address all of the issues identified by the examiners. If the examiners have comments on your response, they will generally either provide them to you within 60 days, or contact you toward the end of that period to discuss their schedule for providing them to you. If the examiners have no further comments after receiving your response to a deficiency letter, they will send no further communication and the examination will be closed.

* * *

If you have any questions, comments, complaints, or concerns during an examination or after it is completed, please raise them with the examiners or with the examiners' supervisors in the respective regional office or headquarters office. Most questions and issues can be resolved by discussing them with members of the examination team. You may also communicate comments, complaints, or concerns through the *Examination Hotline*, (202) 551-EXAM. The *Examination Hotline* offers you a choice to speak with either a senior-level attorney in the Office of Compliance Inspections and Examinations in Washington, DC, or a staff member in the SEC's Office of Inspector General. The Office of Inspector General is an independent office within the SEC that conducts audits of Commission programs and investigates allegations of employee misconduct. When you speak with staff on the *Examination Hotline*, you may identify yourself or request anonymity.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**Supplemental Information for Persons Requested to Supply
Information Voluntarily or Directed to Supply Information
Pursuant to a Commission Subpoena**

A. False Statements and Documents

Section 1001 of Title 18 of the United States Code provides as follows:

Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

B. Testimony

If your testimony is taken, you should be aware of the following:

1. *Record.* Your testimony will be transcribed by a reporter. If you desire to go off the record, please indicate this to the Commission employee taking your testimony, who will determine whether to grant your request. The reporter will not go off the record at your, or your counsel's, direction.
2. *Counsel.* You have the right to be accompanied, represented and advised by counsel of your choice. Your counsel may advise you before, during and after your testimony; question you briefly at the conclusion of your testimony to clarify any of the answers you give during testimony; and make summary notes during your testimony solely for your use. If you are accompanied by counsel, you may consult privately.

If you are not accompanied by counsel, please advise the Commission employee taking your testimony whenever during your testimony you desire to be accompanied, represented and advised by counsel. Your testimony will be adjourned to afford you the opportunity to arrange to do so.

You may be represented by counsel who also represents other persons involved in the Commission's investigation. This multiple representation, however, presents a potential conflict of interest if one client's interests are or may be adverse to another's. If you are represented by counsel who also represents other persons involved in the investigation, the Commission will assume that you and counsel have discussed and resolved all issues concerning possible conflicts of interest. The choice of counsel, and the responsibility for that choice, is yours.

3. *Transcript Availability.* Rule 6 of the Commission's Rules Relating to Investigations, 17 CFR 203.6, states:

A person who has submitted documentary evidence or testimony in a formal investigative proceeding shall be entitled, upon written request, to procure a copy of his documentary evidence or a transcript of his testimony on payment of the appropriate fees: *Provided, however,* That in a nonpublic formal investigative proceeding the Commission may for good cause deny such request. In any event, any witness, upon proper identification, shall have the right to inspect the official transcript of the witness' own testimony.

If you wish to purchase a copy of the transcript of your testimony, the reporter will provide you with a copy of the appropriate form. Persons requested to supply information voluntarily will be allowed the rights provided by this rule.

4. *Perjury.* Section 1621 of Title 18 of the United States Code provides as follows:

Whoever . . . having taken an oath before a competent tribunal, officer, or person, in any case in which a law of the United States authorizes an oath to be administered, that he will testify, declare, depose, or certify truly . . . willfully and contrary to such oath states or subscribes any material matter which he does not believe to be true . . . is guilty of perjury and shall, except as otherwise expressly provided by law, be fined under this title or imprisoned not more than five years or both

5. *Fifth Amendment and Voluntary Testimony.* Information you give may be used against you in any federal, state, local or foreign administrative, civil or criminal proceeding brought by the Commission or any other agency.

You may refuse, in accordance with the rights guaranteed to you by the Fifth Amendment to the Constitution of the United States, to give any information that may tend to incriminate you or subject you to fine, penalty or forfeiture.

If your testimony is not pursuant to subpoena, your appearance to testify is voluntary, you need not answer any question, and you may leave whenever you wish. Your cooperation is, however, appreciated.

6. *Formal Order Availability.* If the Commission has issued a formal order of investigation, it will be shown to you during your testimony, at your request. If you desire a copy of the formal order, please make your request in writing.

C. Submissions and Settlements

Rule 5(c) of the Commission's Rules on Informal and Other Procedures, 17 CFR 202.5(c), states:

Persons who become involved in . . . investigations may, on their own initiative, submit a written statement to the Commission setting forth their interests and position in regard to the subject matter of the investigation. Upon request, the staff, in its discretion, may advise such persons of the general nature of the investigation, including the indicated violations as they pertain to them, and the amount of time that may be available for preparing and submitting a statement prior to the presentation of a staff recommendation to the Commission for the commencement of an administrative or injunction proceeding. Submissions by interested persons should be forwarded to the appropriate Division Director or Regional Director with a copy to the staff members conducting the investigation and should be clearly referenced to the specific investigation to which they relate. In the event a recommendation for the commencement of an enforcement proceeding is presented by the staff, any submissions by interested persons will be forwarded to the Commission in conjunction with the staff memorandum.

The staff of the Commission routinely seeks to introduce submissions made pursuant to Rule 5(c) as evidence in Commission enforcement proceedings, when the staff deems appropriate.

Rule 5(f) of the Commission's Rules on Informal and Other Procedures, 17 CFR 202.5(f), states:

In the course of the Commission's investigations, civil lawsuits, and administrative proceedings, the staff, with appropriate authorization, may discuss with persons involved the disposition of such matters by consent, by settlement, or in some other manner. It is the policy of the Commission, however, that the disposition of any such matter may not, expressly or impliedly, extend to any criminal charges that have been, or may be, brought against any such person or any recommendation with respect thereto. Accordingly, any person involved in an enforcement matter before the Commission who consents, or agrees to consent, to any judgment or order does so solely for the purpose of resolving the claims against him in that investigative, civil, or administrative matter and not for the purpose of resolving any criminal charges that have been, or might be, brought against him. This policy reflects the fact that neither the Commission nor its staff has the authority or responsibility for instituting, conducting, settling, or otherwise disposing of criminal proceedings. That authority and responsibility are vested in the Attorney General and representatives of the Department of Justice.

D. Freedom of Information Act

The Freedom of Information Act, 5 U.S.C. 552 (the "FOIA"), generally provides for disclosure of information to the public. Rule 83 of the Commission's Rules on Information and Requests, 17 CFR 200.83, provides a procedure by which a person can make a written request that information submitted to the Commission not be disclosed under the FOIA. That rule states that no determination as to the validity of such a request will be made until a request for disclosure of the information under the FOIA is received. Accordingly, no response to a request that information not be disclosed under the FOIA is necessary or will be given until a request for disclosure under the FOIA is received. If you desire an acknowledgment of receipt of your written request that information not be disclosed under the FOIA, please provide a duplicate request, together with a stamped, self addressed envelope.

E. Authority for Solicitation of Information

Persons Directed to Supply Information Pursuant to Subpoena. The authority for requiring production of information is set forth in the subpoena. Disclosure of the information to the Commission is mandatory, subject to the valid assertion of any legal right or privilege you might have.

Persons Requested to Supply Information Voluntarily. One or more of the following provisions authorizes the Commission to solicit the information requested: Sections 19 and/or 20 of the Securities Act of 1933; Section 21 of the Securities Exchange Act of 1934; Section 321 of the Trust Indenture Act of 1939; Section 42 of the Investment

Company Act of 1940; Section 209 of the Investment Advisers Act of 1940; and 17 CFR 202.5. Disclosure of the requested information to the Commission is voluntary on your part.

F. Effect of Not Supplying Information

Persons Directed to Supply Information Pursuant to Subpoena. If you fail to comply with the subpoena, the Commission may seek a court order requiring you to do so. If such an order is obtained and you thereafter fail to supply the information, you may be subject to civil and/or criminal sanctions for contempt of court. In addition, if the subpoena was issued pursuant to the Securities Exchange Act of 1934, the Investment Company Act of 1940, and/or the Investment Advisers Act of 1940, and if you, without just cause, fail or refuse to attend and testify, or to answer any lawful inquiry, or to produce books, papers, correspondence, memoranda, and other records in compliance with the subpoena, you may be found guilty of a misdemeanor and fined not more than \$1,000 or imprisoned for a term of not more than one year, or both.

Persons Requested to Supply Information Voluntarily. There are no direct sanctions and thus no direct effects for failing to provide all or any part of the requested information.

G. Principal Uses of Information

The Commission's principal purpose in soliciting the information is to gather facts in order to determine whether any person has violated, is violating, or is about to violate any provision of the federal securities laws or rules for which the Commission has enforcement authority, such as rules of securities exchanges and the rules of the Municipal Securities Rulemaking Board. Facts developed may, however, constitute violations of other laws or rules. Information provided may be used in Commission and other agency enforcement proceedings. Unless the Commission or its staff explicitly agrees to the contrary in writing, you should not assume that the Commission or its staff acquiesces in, accedes to, or concurs or agrees with, any position, condition, request, reservation of right, understanding, or any other statement that purports, or may be deemed, to be or to reflect a limitation upon the Commission's receipt, use, disposition, transfer, or retention, in accordance with applicable law, of information provided.

H. Routine Uses of Information

The Commission often makes its files available to other governmental agencies, particularly United States Attorneys and state prosecutors. There is a likelihood that information supplied by you will be made available to such agencies where appropriate. Whether or not the Commission makes its files available to other governmental agencies is, in general, a confidential matter between the Commission and such other governmental agencies.

Set forth below is a list of the routine uses which may be made of the information furnished.

1. To coordinate law enforcement activities between the SEC and other federal, state, local or foreign law enforcement agencies, securities self regulatory organizations, and foreign securities authorities.
2. By SEC personnel for purposes of investigating possible violations of, or to conduct investigations authorized by, the federal securities laws.
3. Where there is an indication of a violation or potential violation of law, whether civil, criminal or regulatory in nature, and whether arising by general statute or particular program statute, or by regulation, rule or order issued pursuant thereto, the relevant records in the system of records may be referred to the appropriate agency, whether federal, state, or local, a foreign governmental authority or foreign securities authority, or a securities self-regulatory organization charged with the responsibility of investigating or prosecuting such violation or charged with enforcing or implementing the statute or rule, regulation or order issued pursuant thereto.
4. In any proceeding where the federal securities laws are in issue or in which the Commission, or past or present members of its staff, is a party or otherwise involved in an official capacity.
5. To a federal, state, local or foreign governmental authority or foreign securities authority maintaining civil, criminal or other relevant enforcement information or other pertinent information, such as current licenses, if necessary to obtain information relevant to an agency decision concerning the hiring or retention of an employee, the issuance of a security clearance, the letting of a contract, or the issuance of a license, grant or other benefit.
6. To a federal, state, local or foreign governmental authority or foreign securities authority, in response to its request, in connection with the hiring or retention of an employee, the issuance of a security clearance, the reporting of an investigation of an employee, the letting of a contract, or the issuance of a license, grant or other benefit by the requesting agency, to the extent that the information is relevant and necessary to the requesting agency's decision on the matter.

7. In connection with proceedings by the Commission pursuant to Rule 102(e) of its Rules of Practice, 17 CFR 201.102(e).
8. When considered appropriate, records in this system may be disclosed to a bar association, the American Institute of Certified Public Accountants, a state accountancy board or other federal, state, local or foreign licensing or oversight authority, foreign securities authority, or professional association or self regulatory authority performing similar functions, for possible disciplinary or other action.
9. In connection with investigations or disciplinary proceedings by a state securities regulatory authority, a foreign securities authority, or by a self regulatory organization involving one or more of its members.
10. As a data source for management information for production of summary descriptive statistics and analytical studies in support of the function for which the records are collected and maintained or for related personnel management functions or manpower studies, and to respond to general requests for statistical information (without personal identification of individuals) under the Freedom of Information Act or to locate specific individuals for personnel research or other personnel management functions.
11. In connection with their regulatory and enforcement responsibilities mandated by the federal securities laws (as defined in Section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)), or state or foreign laws regulating securities or other related matters, records may be disclosed to national securities associations that are registered with the Commission, the Municipal Securities Rulemaking Board, the Securities Investor Protection Corporation, the federal banking authorities, including but not limited to, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, state securities regulatory or law enforcement agencies or organizations, or regulatory law enforcement agencies of a foreign government, or foreign securities authority.
12. To any trustee, receiver, master, special counsel, or other individual or entity that is appointed by a court of competent jurisdiction or as a result of an agreement between the parties in connection with litigation or administrative proceedings involving allegations of violations of the federal securities laws (as defined in Section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)) or the Commission's Rules of Practice, 17 CFR 201.100 - 900, or otherwise, where such trustee, receiver, master, special counsel or other individual or entity is specifically designated to perform particular functions with respect to, or as a result of, the pending action or proceeding or in connection with the administration and enforcement by the Commission of the federal securities laws or the Commission's Rules of Practice.
13. To any persons during the course of any inquiry or investigation conducted by the Commission's staff, or in connection with civil litigation, if the staff has reason to believe that the person to whom the record is disclosed may have further information about the matters related therein, and those matters appeared to be relevant at the time to the subject matter of the inquiry.
14. To any person with whom the Commission contracts to reproduce, by typing, photocopy or other means, any record within this system for use by the Commission and its staff in connection with their official duties or to any person who is utilized by the Commission to perform clerical or stenographic functions relating to the official business of the Commission.
15. Inclusion in reports published by the Commission pursuant to authority granted in the federal securities laws (as defined in Section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)).
16. To members of advisory committees that are created by the Commission or by the Congress to render advice and recommendations to the Commission or to the Congress, to be used solely in connection with their official designated functions.
17. To any person who is or has agreed to be subject to the Commission's Rules of Conduct, 17 CFR 200.735-1 to 735-18, and who assists in the investigation by the Commission of possible violations of federal securities laws (as defined in Section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)), in the preparation or conduct of enforcement actions brought by the Commission for such violations, or otherwise in connection with the Commission's enforcement or regulatory functions under the federal securities laws.
18. Disclosure may be made to a Congressional office from the record of an individual in response to an inquiry from the Congressional office made at the request of that individual.
19. To respond to inquiries from Members of Congress, the press and the public which relate to specific matters that the Commission has investigated and to matters under the Commission's jurisdiction.

20. To prepare and publish information relating to violations of the federal securities laws as provided in 15 U.S.C. 78u(a), as amended.
21. To respond to subpoenas in any litigation or other proceeding.
22. To a trustee in bankruptcy.
23. To any governmental agency, governmental or private collection agent, consumer reporting agency or commercial reporting agency, governmental or private employer of a debtor, or any other person, for collection, including collection by administrative offset, federal salary offset, tax refund offset, or administrative wage garnishment, of amounts owed as a result of Commission civil or administrative proceedings.

* * * * *

Small Business Owners: The SEC always welcomes comments on how it can better assist small businesses. If you have comments about the SEC's enforcement of the securities laws, please contact the Office of Chief Counsel in the SEC's Division of Enforcement at 202-551-4933 or the SEC's Small Business Ombudsman at 202-551-3460. If you would prefer to comment to someone outside of the SEC, you can contact the Small Business Regulatory Enforcement Ombudsman at <http://www.sba.gov/ombudsman> or toll free at 888-REG-FAIR. The Ombudsman's office receives comments from small businesses and annually evaluates federal agency enforcement activities for their responsiveness to the special needs of small business.



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
LOS ANGELES REGIONAL OFFICE
11TH FLOOR
5670 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90036-3648

ACKNOWLEDGMENT

Freedom of Information Act and Privacy Act Notice.

Inspection Informational Brochure.

and

SEC form 1662

Pursuant to the requirements of the Privacy Act of 1974, notice of the Freedom of Information and Privacy Acts is being supplied to you. The Securities and Exchange Commission, like other government agencies, is required when soliciting information from the public, whether during a formal investigation, an informal investigation, or otherwise, to inform each person who is asked to supply information:

- A. The authority which authorizes the solicitation of information;
- B. The principal purpose(s) for which it is intended to be used;
- C. The routine uses which may be made of the information; and
- D. The effects on such person of not providing the information.

The Notice is, in and of itself, in no way intended to imply any wrongdoing on your part, nor does it indicate that any action is contemplated against you. Its sole purpose is to inform you of your rights under the Privacy Act of 1974.

You are also being given the Inspection Information Brochure which provides a brief description of the purpose of the examination program, the inspection process, and the methods employed by the Commission for resolving problems disclosed during inspections. In addition, you are being given SEC form 1662 which provides supplemental information for persons requested to supply information voluntarily or directed to supply information pursuant to a Commission subpoena.

(I) (We) hereby acknowledge receipt of the written notice (SEC form 1661) concerning the Privacy Act of 1974 and the Freedom of Information Act of 1975, the Informational Brochure, and SEC form 1662 from: Nina Freedman on August 16, 2011

Iwamoto, Kong & Company, Inc.
File No. (801-55371)

Signature and Position

Date

Examination Information Request List
August 16, 2011

Registrant:

File No.:

Examination Period

Information is requested for the period **January 1, 2008** through **July 31, 2011** (the “Examination Period”) unless otherwise noted.

Organizing the Information to be Provided

Please provide the information requested below and hereafter during the examination in electronic format, and please ensure that all electronic information provided is “read-only.” We request electronic records be sent to us via our secure email system, or through our secure file uploading system for which we will send you links via secure email.

In order to efficiently process the material assembled for the staff’s review, please group the information so that it corresponds to the item number in 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 you have nothing responsive for a requested item, please indicate, as appropriate, “none” or “not applicable” and briefly explain if a requested item is not applicable. Wherever acronyms or codes are used, please provide legends that define any such acronyms or codes.

Information to be provided before August 22, 2011

Upon receipt of this request list, please submit (preferably in electronic format via e-mail) Registrant’s **Compliance Policies and Procedures** (Item II-A1 and II-A2 below). By August 22, 2011, please also provide certain **General Information** about Registrant (Item I-A through I-K below), copies of any **Client and Investor Complaints** (Item II-E below), certain information pertaining to **Advisory Trading Activities** (Item III-A and III-B below), **Portfolio Management** (Item III-C below), and **Financial Records** (Item V-A through V-D below).

Information to be provided on September 6, 2011, unless an earlier date is requested above

I. General Information

- A. Registrant’s organization chart showing ownership percentages of Registrant and control persons and a schedule or chart of all affiliated entities.
- B. Names of any of Registrant’s employees 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 and settled litigation, mediation, arbitration, or alternative dispute resolution involving Registrant or any “supervised person” (if it relates to the individual’s association with Registrant 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 Advisers Act). 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), if not otherwise stated in advisory contracts or in Form ADV Part 2.
- H. Any power of attorney obtained from clients, if not otherwise stated in advisory contracts.
- I. Names of any joint ventures or any other businesses in which Registrant or any officer, director, portfolio manager, or trader participates or has any interest (other than their employment with Registrant), including a description of each relationship.
- J. The Form ADV Part 2 furnished to clients during the examination period and any disclosure document used in conjunction with or in lieu of Part 2 (please provide all versions used during the examination period).
- K. The names and location of all service providers and the services they perform and for both affiliated and unaffiliated providers, information about the due diligence process to initially evaluate and monitor thereafter the work provided and how potential conflicts and information flow issues are addressed.

II. Information Regarding Registrant’s Compliance Program, Risk Management and Internal Controls

- A. Compliance Policies and Procedures and Testing
 - 1. All compliance policies and procedures (including Code of Ethics) that were in effect during the examination period. Include any related operating policies and procedures.
 - 2. Information relating to the firm’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 any information about corrective or remedial actions taken regarding these findings. Please include any annual and/or interim reports, and records pertaining to any non-compliance with Registrant's Code of Ethics and of any action taken as a result of such non-compliance.

B. On-going Risk Identification and Assessment

1. A current inventory of Registrant'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 Registrant's inventory of risks to its written policies and procedures.
3. Any written guidance that Registrant 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 report.

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

Information about the oversight process Registrant uses for any remote offices and/or independent advisory contractors, and any policies and procedures with respect to such oversight.

E. Client and Investor Complaints

A copy of all client and investor complaints, as well as all correspondence that pertained to each complaint. Please also provide information about the process used for monitoring client or investor correspondence and/or complaints, including the name of any third-party service provider used and Registrant's oversight of the service provider.

F. Valuation

1. Names of all pricing services, quotation services, and externally-acquired portfolio accounting systems used in the valuation process and information about whether they are paid in hard or soft-dollars, or a combination.
2. Names of all fair-valued and any 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.

G. Fees

Supporting calculations and related documentation for the advisory fee charged, including any performance fees, for the **quarterly periods ending 12/31/08, 12/31/09, 12/31/10, 3/31/11 and 6/30/11.**

H. Information Processing, Reporting, and Protection

1. Any written guidance used to comply with Regulation S-P, including addressing administrative, electronic and physical safeguards for the protection of customer records and information (“information security”).
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. Registrant’s business continuity plan.

III. Information to Facilitate Testing with Respect to Advisory Trading Activities

- A. A trade blotter (*i.e.*, purchases and sales journal) for the period **January 1, 2008 through July 31, 2011** 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/terminated clients; proprietary/trading accounts; and access persons. The preferred format for this information is in Excel as indicated in Exhibit 1.
- B. Provide the information below for all advisory clients. The preferred format for this information is in Excel as indicated in Exhibit 2.
 1. Current advisory clients, including:
 - a. the account number, name, and balance as of **6/30/2011**;
 - 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, wrap account, registered fund, or unregistered fund);
 - d. the account custodian and location;
 - e. whether or not the custodian sends periodic account statements directly to the client; whether or not the delivery is electronic; and the form of electronic delivery (*e.g.*, email or website login);
 - f. whether or not Registrant has discretionary authority;

- g. whether Registrant, an officer, or an affiliate acts as trustee, co-trustee, or successor trustee or has full power of attorney for the account;
 - h. whether Registrant or related persons are 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, statistical arbitrage, or the name of the wrap program if it is a wrap account) and the performance composite in which it is included, if any;
 - j. the separate account portfolio manager(s), if it is a wrap account- Registrant's personnel (e.g., portfolio manager and/or registered representative) responsible for the account;
 - k. whether 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);
 - l. the value of each client's account that was used for purposes of calculating its advisory fee for **12/31/08, 12/31/09, and 12/31/10**, and the most recent billing period;
 - m. whether the client pays a performance fee and the most recent account performance figures;
 - n. whether or not advisory fees are paid directly from the client's custodial account;
 - o. account inception date; and
 - p. for clients obtained during the examination period, the name(s) of the referral source(s) or consultant(s) related to obtaining the client, if any.
2. Names of advisory clients lost, including the reason, termination date, asset value at **01/1/08** and the **last quarter-end date prior to termination**, and Registrant's personnel (e.g., portfolio manager and/or registered representative) responsible for the account. If the account is managed by an outside adviser, please identify as such. The preferred format for this information is to provide it in Excel.
 3. Names of any financial planning, pension consulting, or other advisory clients not named in response to Item 1 above.

C. Portfolio Management

1. For all current and former clients and proprietary/trading accounts, a record of the securities held in each account (aggregate position totals for all instruments) as of **1/1/08, 12/31/08, 12/31/09, 12/31/10, and 7/31/11**. This record should include the name of each account, the name of the security, the dollar value per unit/share owned, the aggregate number of shares or principal and/or notional amount held, and total market value of the position. The preferred format for this information is a tabular presentation in Excel that can be sorted by account or by security.
2. Minutes of investment and/or portfolio management committee meetings, if such committees exist and minutes are maintained.

3. If maintained, documentation of investment research on publicly traded securities held in client accounts over the examination period.
4. If maintained, documentation of investment research and due diligence on private placements (including PIPEs) held in client accounts over the examination period.
5. Names of any publicly traded companies for which employees of Registrant or its affiliates serve as officers and/or directors, and the name(s) of such employees.
6. Names of companies for which employees of Registrant or its affiliates, serve on creditors' committees, and the name(s) of such employees.
7. If available, Registrant's ten most profitable and ten least profitable (realized and unrealized gain or loss) investment decisions based on total return of positions opened and closed for each investment strategy or mandate offered to clients. Please include the purchase date, sale date, percentage of gain and/or loss, and dollar amount of the gain and/or loss.

D. Brokerage Arrangements

1. Any documents created in the evaluation of brokerage arrangements and best execution.
2. Soft dollar budget or similar document that describes each of the products and services Registrant obtains using clients' brokerage commissions.
3. Commission-sharing arrangements including the name of the broker-dealer and total dollars allocated to each arrangement during the preceding 12 months.
4. All affiliated broker-dealers, including a description of the affiliation and of their clearing arrangements.
5. Securities in which Registrant or an affiliate was a market maker.
6. Securities purchased for any client in which Registrant or an affiliate underwrote or participated as underwriting manager, purchase group and/or syndicate or selling group and the underwriting date(s).
7. Policies and procedures with respect to trade errors (if not already provided pursuant to Item II-A1) and information related to any errors (i.e., please identify any trade errors that occurred during the examination period).

E. Trade Allocations

1. All initial public offerings, secondary offerings, private placements, and limited offerings in which clients, proprietary accounts, or access persons participated. Include the trade date, security, symbol, total number of shares, and participating accounts. For

- initial public offerings, indicate whether shares traded at a premium when secondary market trading began. The preferred format for this information is in Excel.
2. If not stated in policies and procedures or if the allocation did not follow standard policies and procedures, information regarding how allocation decisions were made.

F. Conflicts of Interest and Personal and Insider Trading

1. Registrant's (and any affiliates') Code of Ethics and personal and insider trading policies and procedures (if not already provided pursuant to Item II-A1).
2. If not incorporated in the Code of Ethics, any policies and procedures adopted to address exemptions for employees, including those for personal hardship, if applicable.
3. If not incorporated in the Code of Ethics, any policies and procedures governing personal trading of contract employees and temporary employees, if applicable.
4. If not stated in policies and procedures, any guides for monitoring personal trading of access persons.
5. Reports of personal securities transactions submitted by access persons (e.g., periodic holdings and transaction reports, pre-approval requests for personal trading, etc.).
6. If not stated in policies and procedures, information about the process used to monitor and control the receipt, flow, and use of non-public information, including any restricted, watch, or grey lists. Please also provide a copy of all such lists for the examination period.
7. Any fee splitting or revenue sharing arrangements.
8. Records pertaining to gifts and gratuities (e.g., gift log).

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 or investors for each investment strategy and/or mandate.
- B. All advertisements used to inform or solicit clients or investors. 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 inspection and include them in your response.

- D. All performance return composites including: description and investment objective, inception date, account minimum and whether or not each composite is used in marketing.
- E. All accounts included in each composite as of **1/1/08, 12/31/08, 12/31/09, 12/31/10, and 6/30/11**. Please note 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 return.
 - 2. All custodial statements, including a statement that indicates the beginning asset value for the performance period. For example, the December 2008 statement for the verification of the calendar year 2009 performance returns.
- F. All accounts not included in a composite for each of the dates specified above.
- 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 the separate disclosure documents for third-party solicitors.
- J. All requests for proposals (“RFPs”) and questionnaires completed.
- K. Names of all third-party consultants that Registrant provided responses to questionnaires.
- L. Documentation that Registrant is complying with the Global Investment Performance Standards (“GIPS”), if applicable.
- M. Performance returns for each quarter during the examination period, whether or not they have been presented in marketing materials, for each client and proprietary/related account. The preferred format for this information is in Excel.

V. Financial Records

- A. Registrant’s balance sheet, trial balance, income statement, and cash flow statements for the **three most recent fiscal year ends**, including the **current fiscal year through July 31, 2011**.
- B. Registrant’s cash receipts and disbursements journal and general ledgers, separated by fiscal year, for the above-referenced statements (preferably in Excel).

C. Registrant's chart of accounts.

D. Any loans from clients or investors to Registrant or any affiliate(s), or sales of Registrant's or any affiliate(s) stock to clients or investors.

VI. Custody

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

U.S. Securities and Exchange Commission
Attention: Nina Freedman
5670 Wilshire Boulevard, 11th Floor
Los Angeles, California 90036

Also, please be aware that after the on-site examination begins, the staff may further ask Registrant 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").

VIII. Adviser to Registered Investment Companies

Please advise the staff if the Adviser is the investment manager to any registered investment company (mutual fund) or confirm that the Adviser did not serve as investment adviser to such an entity during the examination period.

IX. Advisers Sponsoring or Managing Privately Offered Funds

Please advise the staff if the Adviser is the sponsor or manager of any privately offered funds or confirm that the Adviser did not serve as sponsor or manager of any privately offered funds during the examination period.

X. Advisers with Clients That Invest in PIPEs

Please advise the staff if the Adviser invests in client assets in Private Investment in Public Equity (PIPEs) or confirm that the Adviser did not invest in PIPEs during the examination period.

XI. Advisers That Are Money Managers in Wrap Fee Programs

Please advise the staff if the Adviser is a money manager in any wrap fee programs or confirm that the Adviser did not serve in this capacity during the examination period.

XII. Advisers That Are Also Registered as Broker-Dealers

Please advise the staff if the Adviser is also registered (or has an application pending) as a securities broker-dealer or confirm that the Adviser did not serve in this capacity during the examination period.

XIII. Advisers That Are Managers of Managers

Please advise the staff if the Adviser is a manager of managers or confirm that the Adviser did not serve in this capacity during the examination period.

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 Registrant. Please provide this record in Microsoft Excel format on CDs or DVDs. 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:

A. Sample Trading Blotter for Equity Securities

Client Name	Acct #	Trade Date	Settle Date	Buy/Sell	CUSIP	Security Symbol	Security Description	Quantity	Unit Price	Principal/Proceeds/Notional Value	Total Commission	Fees	Net Proceeds	Broker
Doe	123	1/1/00	1/3/00	B	1234567	MSFT	Microsoft Corp	100	\$100.00	\$10,000	\$10.00		\$9,990	BEST
Smith	456	1/2/00	1/5/00	S	89101112	IBM	IBM Corp.	500	\$100.00	\$50,000	\$50.00	\$1.67	\$49,948.33	HRZG

B. Sample Trading Blotter for Fixed-Income Securities

Client Name	Acct #	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
Doe	12	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	Salomon
Smith	23	1/2/99	1/5/99	S	908640105	UNION TEXAS PETRO HOLDINGS INC	4.75% 9-15-2004	20	102	\$304.60	\$20,400	\$39.95	\$20,664.65	Schwab
Snow	45	1/3/00	1/6/00	B	912795CJ8	UNITED STATES TREASURY BILLS	DUE 6/18/00	100,000	97.781	\$0	\$97,781	\$0	\$97,781	Auction

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**Supplemental Information for Regulated Entities* Directed to Supply Information
Other Than Pursuant to a Commission Subpoena**

A. Freedom of Information Act

The Freedom of Information Act, 5 U.S.C. 552 (the "FOIA"), generally provides for disclosure of information to the public. Rule 83 of the Commission's Rules on Information and Requests, 17 CFR 200.83, provides a procedure by which a person can make a written request that information submitted to the Commission not be disclosed under the FOIA. That rule states that no determination as to the validity of such a request will be made until a request for disclosure of the information under the FOIA is received. Accordingly, no response to a request that information not be disclosed under the FOIA is necessary or will be given until a request for disclosure under the FOIA is received. If you desire an acknowledgement of receipt of your written request that information not be disclosed under the FOIA, please provide a duplicate request, together with a stamped, self addressed envelope.

B. Authority for Solicitation of the Information

1. **Mandatory Information.** All records of registered broker-dealers, transfer agents and other entities identified in Section 17(a)(1) of the Securities Exchange Act of 1934, and investment advisors, including but not limited to required records, must be made available for examination by representatives of the Commission. See Sections 17(a) and (b) of the Securities Exchange Act of 1934 and rules thereunder and Section 204 of the Investment Advisers Act of 1940 and rules thereunder. Records required to be maintained and preserved pursuant to Section 31 of the Investment Company Act of 1940 and the rules thereunder must be made available for examination by representatives of the Commission.
2. **Other Information.** The production of information other than the records and documents described in paragraph B.1 above is voluntary.

C. Effect of Not Supplying Information

1. **Mandatory Information.**
 - (a) A willful failure to permit inspection by authorized Commission personnel of the records and documents described in paragraph B.1 may result in legal proceedings the penalty for which, upon conviction, is a fine of not more than \$5,000,000 or imprisonment for not more than 20 years, or both. When the person failing to permit inspection is a person other than a natural person, a fine not exceeding \$25,000,000 may be imposed.
 - (b) Failure to produce the records and documents described in paragraph B.1 for inspection, and/or aiding or abetting someone in such failure may have the following consequences: (i) regulated persons may be censured or their registration and/or exchange or association status may be suspended, revoked, or subject to various other sanctions; (ii) members of national securities exchanges may be censured, suspended or expelled from membership; and (iii) members of a registered securities association may be censured, suspended or expelled from membership in a registered association, or subject to various other sanctions. Employees of and persons associated with the foregoing may be suspended or barred from association with regulated entities and/or they may be censured or subject to various other sanctions.
 - (c) If there is a failure to permit inspection of the records and documents described in paragraph B.1, the Commission may seek an injunction against, among other things, continuing to fail to permit an inspection. The continuance of such failure thereafter may result in civil and/or criminal sanctions for contempt of court.
2. **Other Information.** There are no direct sanctions and thus no direct effects for failure to provide all or any part of the information requested to be supplied on a voluntary basis.

* The term "Regulated Entities" means entities subject to registration with, and/or regulation and inspection by, the Commission, including: national securities exchanges; brokers or dealers; municipal securities dealers; national securities associations; investment advisers; investment companies; transfer agents; and clearing agencies.

D. False Statements and Documents

Section 1001 of Title 18 of the United States Code provides as follows:

Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

E. Submissions and Settlements

Rule 5(c) of the Commission's Rules on Informal and Other Procedures, 17 CFR 202.5(c), states:

Persons who become involved in . . . investigations may, on their own initiative, submit a written statement to the Commission setting forth their interests and position in regard to the subject matter of the investigation. Upon request, the staff, in its discretion, may advise such persons of the general nature of the investigation, including the indicated violations as they pertain to them, and the amount of time that may be available for preparing and submitting a statement prior to the presentation of a staff recommendation to the Commission for the commencement of an administrative or injunction proceeding. Submissions by interested persons should be forwarded to the appropriate Division Director or Regional Director with a copy to the staff members conducting the investigation and should be clearly referenced to the specific investigation to which they relate. In the event a recommendation for the commencement of an enforcement proceeding is presented by the staff, any submissions by interested persons will be forwarded to the Commission in conjunction with the staff memorandum.

The staff of the Commission routinely seeks to introduce submissions made pursuant to Rule 5(c) as evidence in Commission enforcement proceedings, when the staff deems appropriate.

Rule 5(f) of the Commission's Rules on Informal and Other Procedures, 17 CFR 202.5(f), states:

In the course of the Commission's investigations, civil lawsuits, and administrative proceedings, the staff, with appropriate authorization, may discuss with persons involved the disposition of such matters by consent, by settlement, or in some other manner. It is the policy of the Commission, however, that the disposition of any such matter may not, expressly or impliedly, extend to any criminal charges that have been, or may be, brought against any such person or any recommendation with respect thereto. Accordingly, any person involved in an enforcement matter before the Commission who consents, or agrees to consent, to any judgment or order does so solely for the purpose of resolving the claims against him in that investigative, civil, or administrative matter and not for the purpose of resolving any criminal charges that have been, or might be, brought against him. This policy reflects the fact that neither the Commission nor its staff has the authority or responsibility for instituting, conducting, settling, or otherwise disposing of criminal proceedings. That authority and responsibility are vested in the Attorney General and representatives of the Department of Justice.

F. Principal Uses of Information

The Commission's principal purpose in soliciting the information is to gather facts in order to determine whether any person has violated, is violating, or is about to violate any provision of the federal securities laws or rules for which the Commission has enforcement authority, such as rules of securities exchanges and the rules of the Municipal Securities Rulemaking Board. Facts developed may, however, constitute violations of other laws or rules. Information provided may be used in Commission and other agency enforcement proceedings. Unless the Commission or its staff explicitly agrees to the contrary in writing, you should not assume that the Commission or its staff acquiesces in, accedes to, or concurs or agrees with, any position, condition, request, reservation of right, understanding, or any other statement that purports, or may be deemed, to be or to reflect a limitation upon the Commission's receipt, use, disposition, transfer, or retention, in accordance with applicable law, of information provided.

G. Routine Uses of Information

The Commission often makes its files available to other governmental agencies, particularly United States Attorneys and state prosecutors. There is a likelihood that information supplied by you will be made available to such agencies where appropriate. Whether or not the Commission makes its files available to other governmental agencies is, in general, a confidential matter between the Commission and such other governmental agencies.

Set forth below is a list of the routine uses which may be made of the information furnished.

1. To coordinate law enforcement activities between the SEC and other federal, state, local or foreign law enforcement agencies, securities self-regulatory organizations, and foreign securities authorities.
2. By SEC personnel for purposes of investigating possible violations of, or to conduct investigations authorized by, the federal securities laws.
3. Where there is an indication of a violation or potential violation of law, whether civil, criminal or regulatory in nature, and whether arising by general statute or particular program statute, or by regulation, rule or order issued pursuant thereto, the relevant records in the system of records may be referred to the appropriate agency, whether federal, state, or local, a foreign governmental authority or foreign securities authority, or a securities self-regulatory organization charged with the responsibility of investigating or prosecuting such violation or charged with enforcing or implementing the statute or rule, regulation or order issued pursuant thereto.
4. In any proceeding where the federal securities laws are in issue or in which the Commission, or past or present members of its staff, is a party or otherwise involved in an official capacity.
5. To a federal, state, local or foreign governmental authority or foreign securities authority maintaining civil, criminal or other relevant enforcement information or other pertinent information, such as current licenses, if necessary to obtain information relevant to an agency decision concerning the hiring or retention of an employee, the issuance of a security clearance, the letting of a contract, or the issuance of a license, grant or other benefit.
6. To a federal, state, local or foreign governmental authority or foreign securities authority, in response to its request, in connection with the hiring or retention of an employee, the issuance of a security clearance, the reporting of an investigation of an employee, the letting of a contract, or the issuance of a license, grant or other benefit by the requesting agency, to the extent that the information is relevant and necessary to the requesting agency's decision on the matter.
7. In connection with proceedings by the Commission pursuant to Rule 102(e) of its Rules of Practice, 17 CFR 201.102(e).
8. When considered appropriate, records in this system may be disclosed to a bar association, the American Institute of Certified Public Accountants, a state accountancy board or other federal, state, local or foreign licensing or oversight authority, foreign securities authority, or professional association or self-regulatory authority performing similar functions, for possible disciplinary or other action.
9. In connection with investigations or disciplinary proceedings by a state securities regulatory authority, a foreign securities authority, or by a self-regulatory organization involving one or more of its members.
10. As a data source for management information for production of summary descriptive statistics and analytical studies in support of the function for which the records are collected and maintained or for related personnel management functions or manpower studies, and to respond to general requests for statistical information (without personal identification of individuals) under the Freedom of Information Act or to locate specific individuals for personnel research or other personnel management functions.
11. In connection with their regulatory and enforcement responsibilities mandated by the federal securities laws (as defined in Section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)), or state or foreign laws regulating securities or other related matters, records may be disclosed to national securities associations that are registered with the Commission, the Municipal Securities Rulemaking Board, the Securities Investor Protection Corporation, the federal banking authorities, including but not limited to, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, state securities regulatory or law enforcement agencies or organizations, or regulatory law enforcement agencies of a foreign government, or foreign securities authority.
12. To any trustee, receiver, master, special counsel, or other individual or entity that is appointed by a court of competent jurisdiction or as a result of an agreement between the parties in connection with litigation or administrative proceedings involving allegations of violations of the federal securities laws (as defined in Section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)) or the Commission's Rules of Practice, 17 CFR 201.100 - 900, or otherwise, where such trustee, receiver, master, special counsel or other individual or entity is specifically designated to perform particular functions with respect to, or as a result of, the pending action or proceeding or in connection with the administration and enforcement by the Commission of the federal securities laws or the Commission's Rules of Practice.

13. To any persons during the course of any inquiry or investigation conducted by the Commission's staff, or in connection with civil litigation, if the staff has reason to believe that the person to whom the record is disclosed may have further information about the matters related therein, and those matters appeared to be relevant at the time to the subject matter of the inquiry.
14. To any person with whom the Commission contracts to reproduce, by typing, photocopy or other means, any record within this system for use by the Commission and its staff in connection with their official duties or to any person who is utilized by the Commission to perform clerical or stenographic functions relating to the official business of the Commission.
15. Inclusion in reports published by the Commission pursuant to authority granted in the federal securities laws (as defined in Section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)).
16. To members of advisory committees that are created by the Commission or by the Congress to render advice and recommendations to the Commission or to the Congress, to be used solely in connection with their official designated functions.
17. To any person who is or has agreed to be subject to the Commission's Rules of Conduct, 17 CFR 200.735-1 to 735-18, and who assists in the investigation by the Commission of possible violations of federal securities laws (as defined in Section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)), in the preparation or conduct of enforcement actions brought by the Commission for such violations, or otherwise in connection with the Commission's enforcement or regulatory functions under the federal securities laws.
18. Disclosure may be made to a Congressional office from the record of an individual in response to an inquiry from the Congressional office made at the request of that individual.
19. To respond to inquiries from Members of Congress, the press and the public which relate to specific matters that the Commission has investigated and to matters under the Commission's jurisdiction.
20. To prepare and publish information relating to violations of the federal securities laws as provided in 15 U.S.C. 78u(a), as amended.
21. To respond to subpoenas in any litigation or other proceeding.
22. To a trustee in bankruptcy.
23. To any governmental agency, governmental or private collection agent, consumer reporting agency or commercial reporting agency, governmental or private employer of a debtor, or any other person, for collection, including collection by administrative offset, federal salary offset, tax refund offset, or administrative wage garnishment, of amounts owed as a result of Commission civil or administrative proceedings.

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Small Business Owners: The SEC always welcomes comments on how it can better assist small businesses. If you have comments about the SEC's enforcement of the securities laws, please contact the Office of Chief Counsel in the SEC's Division of Enforcement at 202-551-4933 or the SEC's Small Business Ombudsman at 202-551-3460. If you would prefer to comment to someone outside of the SEC, you can contact the Small Business Regulatory Enforcement Ombudsman at <http://www.sba.gov/ombudsman> or toll free at 888-REG-FAIR. The Ombudsman's office receives comments from small businesses and annually evaluates federal agency enforcement activities for their responsiveness to the special needs of small business.