

November 10, 2008

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Mr. Golden:

We appreciated the opportunity to participate in the Public Roundtable last week and share our thoughts with you regarding the Proposed Amendment to FASB Interpretation No. 46R. We understand the Board's desire to improve the existing consolidation guidance given the lack of adequate reporting and disclosure by certain companies during the recent credit crisis.

We would like to underscore some of our oral comments, which may be helpful in the FASB's final deliberations. Those comments focused on the potential distortion of an investment manager's financial statements by the consolidation of investment funds for which our economic involvement is limited to receiving management and performance based fees. We provided the following comments and recommendations to the Board:

- We suggested that paragraph 14A(b) be modified as follows: "The right to receive benefits from the variable interest entity that are reasonably likely to be significant to the VIE and the obligation to absorb losses of the entity that are reasonably likely to be significant to the VIE. The obligation to absorb losses that have a reasonable probability of being significant to the VIE should result from an expenditure of financial resources or a contract that may require an expenditure of financial resources." The proposed language would recognize an investment manager as a fiduciary type role in which it acts as an agent for its investors without an obligation to absorb losses.
- We recommended discontinuation of the quantitative analysis when determining the primary beneficiary of a variable interest entity. We believe the current quantitative analysis may yield a different outcome as compared to the qualitative analysis required by paragraph 14C of the Exposure Draft. We do not believe that there is a conceptual basis for resorting to a fundamentally different framework to resolve questions that cannot be answered by the existing qualitative framework.

- We noted that the determination that kick-out rights are substantive only if a single enterprise
 has the unilateral ability to exercise those rights imposes a standard contrary to the principles of
 an investment company, which has multiple substantive investors who normally have equal
 voting rights. We recommended that the simple majority criteria in EITF 04-5 be adopted for
 the qualitative test for investment companies that are variable interest entities.
- As currently drafted, the Exposure Draft would require disclosures related to the carrying value
 of consolidated assets and liabilities. As an investment manager of private equity funds of funds
 and other funds of funds products, it may be difficult to obtain this information in a timely
 manner. As a result, it is possible that investment managers would be unable to satisfy these
 disclosure requirements.

We appreciate your consideration of our comments above and are happy to discuss any questions yo
may have. Please contact me at 212-810-3501.

Sincerely,

Steven E. Buller Managing Director

cc: Chris Roberge

Enclosure