# The State of New Hampshire

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## Department of State

### Bureau of Securities Regulation

November 7, 2001

Chet Needelman, CEO
Palley-Needelman Asset Management, Inc.
Investment Advisors
800 Newport Center Dr. Ste 450
Newport Beach, CA 92660-6316

Re: Federal Covered Advisers in New Hampshire
Notice Filing Required, No De Minimis Standard

Dear Mr. Needelman;

Reference is made to your letter dated October 30, 2001 regarding the need for a federal covered adviser to file a notice in New Hampshire. New Hampshire law requires federal covered advisers to file a notice and pay a fee to the state prior to a federal covered adviser conducting any business in this state.

The National Securities Markets Improvement Act of 1996 to which your letter refers did not provide any de minimis or other exclusion from the notice filing and fee requirements of any state for federal covered advisers. The amendment to Section 222(d) of the Investment Advisers Act of 1940 provided relief from a state's "registration, licensing or qualification" requirements. Since the State of New Hampshire does not require federal covered advisers to register, become licensed or otherwise qualify to do business as an investment adviser, that section does not provide any relief to federal covered advisers who simply file a notice with the state.

Sec. 307 of the same Act specifically preserved the states' rights to require filing of documents filed with the SEC and the preservation of fees that the states had been collecting. Since New Hampshire did not previously and does not now have a de minimis standard of its own, federal covered advisers must file a notice and pay a fee prior to conducting business in New Hampshire.

I hope this adequately explains the requirements for federal covered advisers in New Hampshire. The filing and fees may be paid through the IARD system. If you have any questions, please feel free to call me at the above number.

Very truly yours,

Mary L. Jurta

Mary L. Jurta, CPA
Senior Auditor & Examiner

MLJ/cjd