

Mr. R.T. Moseman

Controller

F. Eberstadt & Co.

61 Broadway

New York, New York 10006

Dear Mr. Moseman:

This is in response to your letter of August 28, 1978 on behalf of F. Eberstadt & Co. ("Eberstadt"), wherein you request our interpretation of the net capital treatment of certain items payable and receivable.

First, you ask us what net capital treatment should be accorded certain payables to four funds which you manage, three of which funds you also serve as principal underwriter. You ask whether you may net these payables against the receivable from the dealer sales of these fund shares for purposes of aggregate indebtedness.

It is the opinion of the Division that the entire amount of the payables must be included in aggregate indebtedness.

Second, you ask us whether advisory fees receivable from Eberstadt's clients, primarily major corporations' retirement and profit sharing plans, which are not outstanding longer than 30 days, may be included as an allowable asset for net capital purposes.

It is the opinion of the Division that such fees receivable from Eberstadt's clients may not be included as an allowable asset for net capital purposes, [*2] unless such fees are from clients registered under the Investment Company Act of 1940 or which otherwise meet the requirements of Rule 15c3-1(c)(2)(c).

Very truly yours,

Gregory N. Smith

Staff Attorney

F. EBERSTADT & CO.,
MANAGERS & DISTRIBUTORS, INC.
61 BROADWAY, NEW YORK, N.Y.10006
(212) 480-0800

August 28, 1978

Securities and Exchange Commission
500 North Capitol Street
Washington, D.C. 20549

Attention: Mr. Nelson Kibler, Assistant Director
Office of Compliance & Financial Responsibilities

Dear Mr. Kibler:

To-date we have received no response to our letter dated December 16, 1977, a copy of which I am attaching, and since the circumstances as outlined in that letter have not changed substantially, I would ask once again that you consider the two points outlined and respond to them at your earliest convenience.

Needless to say, it would be very helpful for us to have your response in file expecially if it were favorable, before the N.A.S.D. examiners come in for their next examination.

Very truly yours,

F. EBERSTADT & CO.,
MANAGERS & DISTRIBUTORS, INC.

R. T. Moseman

Controller [*3]

cc: (w/att.)

D.H. Dievler

M.S. Blatt

V.A. Calma

P. Rotkowitz (Price Waterhouse)

R. Koeniger (NASO)

F. Italiano (Supervising Examiner-NASO)

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