

James E. Hanson II

President

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September 29, 2009

Dear SEC Chairman and Board Members:

We are aware of the recent developments in New York regarding the devious acts of Hank Morris (a solicitor) and David Logiscli (former CIO of NY Common Fund) and their "pay to play" abuses. We are also aware of the maelstrom created by Mr. Cuomo in his efforts to prove to the public that our elected officials are moving quickly to clean up these abuses. We believe that corruption, such as 'pay-to-play' schemes, generally occurs in organizational structures that allow individuals to wield power and influence without appropriate checks and balances. As such, we welcome the vast majority of the SEC proposal that serves to correct these situations. However, we wholeheartedly reject the SEC's suggestion to ban an entire industry of placement agents (the majority of who add significant value to the investment process and conduct themselves in an ethical and professional manner) as if they are the central culprit and lynchpin in such fraudulent activities. Based on our experience, nothing could be further from the truth.

The Hampshire Companies is a family-owned real estate and investment firm in its third generation. We are very proud of our long track record in providing investors with prudent real estate investments. Over the years, we built on our business with a diverse yet very loyal group of high net worth investors. Eventually, our growth necessitated that we readjust our investor base to focus more directly on institutional investors.

In making the transition to the institutional investment management business, our firm engaged Triton Pacific Capital, as its exclusive financial advisor and placement agent, to help it garner access to domestic and offshore institutional investors, such as public and corporate pension funds, endowments, foundations, etc. Our placement agent spent innumerable hours assisting us with a wide variety of tasks associated with assimilating and synthesizing data on our historical performance, identifying our strengths and weaknesses, refining an investment strategy that reflected our core competencies and advising us on how to strengthen our reporting processes and transparency. They identified, prescreened and prioritized hundreds of potential institutional investors, both domestic and international. Triton Pacific then introduced our firm, our investment strategy and our investment vehicle to those investors whose objectives best matched ours. Triton Pacific arranged the investor meetings, moderated those meeting to help keep them on-point and coordinated any follow-up items to ensure they were handled thoroughly and timely. They advised us on the appropriate structure and terms for our fund, assisted our legal and tax consultants on the offering documents and assisted in the preparation of the presentations, due diligence materials and investor questionnaires. They navigated us through the negotiation and settlement of various investor issues and worked closely with us post-closing to ensure that our investor communications were thorough and consistent with institutional standards. By all accounts, we were hugely successful in our endeavors and our placement agent, Triton Pacific Capital, played a critical role in that success.

We value the services of placement agents, like Triton Pacific Capital, as their industry knowledge, experience and manpower did not reside at our company, nor does it reside at a vast majority of other investment management of similar size. Without the ability to hire quality placement agents; emerging, small and mid-cap investment management firms (many of which are minority or women owned) will be forced to operate at an unsustainable disadvantage to large investment managers that have the financial resources to employing experienced 'internal' placement agent professionals.

Most institutional investors (including public pension funds) highly value the services of placement agents as they use them to help identify, pre-screen and evaluate investment managers in arriving at ones that best satisfy their portfolio's investment objectives. In addition, without the services of qualified placement agents, a public pension funds' access to opportunities from emerging, small and medium-sized investment management firms (many of which are minority or women owned) would be dramatically curtailed. Consequently, public pension funds would have far fewer investment alternatives to evaluate and a greater chance of not achieving their targeted investment goals.

Because of the above noted implications to the placement agent industry and the investment manager business, the adoption of the SEC's proposed regulations without revision, will certainly cause significant job loss. A result certainly not welcomed by an already challenged U.S. economy.

We strongly object to the SEC implicating the entire placement agent industry for the deceitful 'pay-to-play' schemes of a few corrupt individuals and government employees. As such, we urge the SEC to eliminate the ban, and instead embrace the following regulatory oversight suggestions:

- All placement agents, investment advisers and consultants are treated exactly the same regarding prohibited contributions—a two-year ban on doing business with any governmental agency to which a prohibited contribution is made.
- SEC implements a ban on any investment manager, consultant or placement agents from making, or soliciting to make, ANY contributions to any government entity from which they are soliciting business.
- SEC incorporates more regulation, oversight and/or independent board review of government employees who control (or have influencing control over) investment decision making or alternatively, require these governmental entities to revise their investment decision-making structures to reduce the opportunity for such individuals of influence to perpetrate 'pay-to-play' schemes.
- SEC requires the disclosure of any compensation made to a placement agent by an investment adviser, including any political contributions
- Placement agents are prohibited from "soliciting" any institutional investors, including public pension plans, unless it is done by: i) qualified placement agents properly licensed with SEC and FINRA; and ii) full time employees operating through a fully licensed Broker Dealer and supervised by a properly licensed securities principal.

Thank you for taking our views into consideration on this very important matter.

Sincerely,

THE HAMPSHIRE COMPANIES



James Hanson
President & CEO