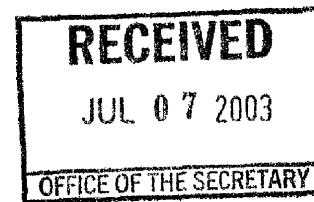




June 30, 2003

Via U.S. Mail and E-Mail

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609
Attention: Jonathan G. Katz, Secretary



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Re: File No. 4-476.

At the Commission's request for public comment regarding the hedge fund industry, we strongly believe it is not in the best interest of the Commission or the industry to institute additional regulatory requirements. Additional regulation may deter inappropriate conduct within the industry, but at too high a cost. The costs of developing and administering such a program for the hedge fund industry would outweigh the benefits to the general public, current and potential hedge fund investors, and hedge fund business community.

The global business community and public confidence has undoubtedly been shaken by the recent events of fraud and corporate greed at Enron, WorldCom, and the Wall Street brokerage houses. It seems misdirected that the hedge fund industry would be a topic of concern at this time, as these scandals are occurring at publicly traded entities already subject to registration and regulation. We firmly believe that those individuals who perpetrate fraud and deception should be **prosecuted** the fullest extent of the **law**. Prosecution, not further regulation and additional disclosure requirements, deters this type of activity. We are concerned that an attempt to further regulate the hedge fund industry will cause great harm to smaller funds, an important component of the backbone of American small business.

We do not believe the registration of funds with the Commission or additional reporting disclosures are necessary. We believe that the current exemptions under the Securities **Act** are sufficient to avoid registration of a fund. Those individuals or entities who qualify to invest under these exemptions are of sufficient wealth to be considered sophisticated, and these restrictions should remain the only necessary hurdles. Investors in hedge funds are required to read and understand the fund's Confidential Offering Memorandum ("COM") before investing. Each fund's COM defines what types of disclosures the investor will receive. The Commission should not serve to manage this process or overrule these documents and imply that they know better what the investor needs to make educated business decisions. Adjustments to the monetary levels used to determine investor status or additional requirements will hamper the industry and damage the economy.

By requiring more disclosure, the Commission would potentially be exposing a hedge fund's proprietary trading models or strategies. The investors would be damaged as the investment strategies they have chosen to trust will be exposed to the public. We believe that the interests most served by the disclosure of investments or data pertaining to investment strategy would be those of larger hedge funds who would seek to consolidate the industry. The mutual fund industry would also be provided an avenue to squelch competition. With more regulation, smaller funds would face increased operating costs for audits, regulatory filings, insurance, and

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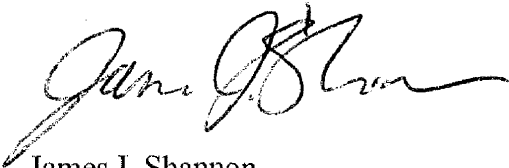
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additional staffing, Many smaller funds would not be able to absorb such costs and hedge fund investors would certainly not be willing to do so. In a statistic released by The Financial Times (March 10, 2003), almost half of hedge fund collapses are due to operational and infrastructure failures as opposed to bad investment decisions. We believe this trend would be magnified were the Commission to alter the current regulatory requirements on this industry.

We trust that the Commission will consider these points as the concerns of many American small businesses as it addresses the issues.

Respectfully submitted,

TFS Capital LLC

A handwritten signature in black ink, appearing to read "James J. Shannon". The signature is fluid and cursive, with a long horizontal stroke at the end.

James J. Shannon
Director and Chief Financial Officer

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