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February 9, 2004

Mr. Jonathan G. Katz, Secretary  
U. S. Securities & Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549-0609

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Re: Compliance Programs of Investment Companies  
and Investment Advisers; File S7-03-03

Dear Mr. Katz,

I am, and have been since 1996, an independent director of the IDEX and ATSF Series Funds located in St. Petersburg, FL.

Prior to joining these Boards I had been employed by several investment advisory/mutual fund management organizations since 1963. During the last 20 years of my career I served in several senior executive positions, as well as a fund president and an "interested" director.

For the record, the following comments and suggestions are solely my own and do not in any way represent the views of any other director(s) or any investment advisory organization.

The focus of my comments will be on the proposed office of Chief Compliance Officer ("CCO") of a fund. I enthusiastically support this proposal without reservation. However, I believe some additional factors must be considered in order for this concept to be effective.

First, one person alone simply will not be able to effectively assume the myriad compliance responsibilities required to address the variety of challenges and obstacles confronting the industry. Rather, an effective CCO can only succeed by adopting a proactive approach as opposed to one that is more or less "passive". In my opinion, the CCO will require a small dedicated staff reporting directly to him/her. This small, dedicated staff – in addition to the traditional legal staff employed by the management company – should consist of a 4 person Internal Audit ("IA") team as direct reports to the CCO.

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The mission of the IA staff would have as its primary objective the creation and/or regular review and updating of all Operations/Procedural Manuals for each operating department of the investment advisor/manager to the fund(s).

IA would conduct periodic, unannounced "audit exams" for each department comparing procedures, processing and compliance with the effective prospectus, including tests of operations/procedures to ensure compliance with the appropriate manuals. The result of these exams would be formally presented to the CCO first and then to the full board for review, approval and/or recommended actions, if required.

To assume that a single, individual CCO, working alone, is physically capable of providing this level of insight and oversight is simply unrealistic and could not possibly achieve the desired level of effectiveness.

Based on the foregoing it should be clear that the CCO and his IA team must function independently and autonomously as direct reports to the board of directors. As a result, the selection, compensation and retention/discharge of the CCO by the board is absolutely essential, and must not be compromised in any way without seriously risking, and potentially negating the fundamental purpose and ultimate success of the office of CCO.

In conclusion, the concept of a CCO and a direct report IA team is not only desirable, but also long overdue. In addition, in order to be effective the CCO must report directly to the board of directors, which must control the hiring, compensation and retention/discharge of the CCO. If necessary, the directors can rely on readily available consulting services for any guidance they may require. While the proposal currently contemplates the CCO as an employee of the investment manager/advisor, there is no reason why this individual, including any staff, could not be employed directly by the fund(s) with an appropriate credit for such cost(s) against investment advisory fees.

Finally, in order to achieve maximum results, the CCO should report to the directors at each regularly scheduled meeting of the board as part of the formal meeting agenda.

Thank you for your consideration of the foregoing and please distribute copies of this letter to all involved individuals at the Commission.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Cahalan". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.