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Vantis Capital Management LLC

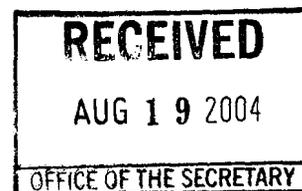
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Steven D. Holzman  
Managing Partner

August 6, 2004

57-30-04

Mr. Robert E. Plaze  
Associate Director  
Securities and Exchange Commission  
Division of Investment Management  
450 Fifth Street, NW  
Washington, D.C. 20549



**Re: Registration of Hedge Fund Investment Advisers**

Dear Mr. Plaze:

On July 14, 2004 I wrote to Chairman Donaldson in support of the Commission's proposal to require hedge fund advisers to register under the Advisers Act. In a letter dated July 21, 2004 you invited my further comment on this subject, which is the purpose of this letter. More specifically, you invited me to comment on the issue of "*the effect of registration on our firm.*"

Vantis Capital Management LLC is an SEC-registered investment adviser with over 350 fund investors and \$1.2 billion in hedge fund assets. As a result, we fully appreciate the burdens and benefits of maintaining SEC registration.

Obviously there are certain burdens associated with registration. However, due to the fact that we made a significant investment in our firm's operational infrastructure independent of our registration, the additional cost for us has been relatively benign. We do appreciate that for smaller non-registered firms, or for firms which have not invested adequately in systems and people, the burden and cost may be greater.

The primary benefits of registration include favorable marks from potential investors during the marketing process, the comfort it gives investors once they are in the fund, the structure it provides for our policies and procedures, and the value of having an additional layer of oversight of our compliance program.

With respect to the additional layer of oversight, we believe we derive significant benefit from the actual examination. As a matter of background, our funds are audited by Deloitte & Touche, Morgan Stanley is the prime broker, and we use a respected outside administrator, RK Consulting. Internally, we employ a Chief Financial Officer, General Counsel, Compliance Officer, and full-time Fund Controller. Even with these controls,

Mr. R. E. Plaze  
August 6, 2004  
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the examiner provides an extra set of critical eyes to review our systems and identify any deficiencies. If we were to have deficiencies, we would want to promptly correct them.

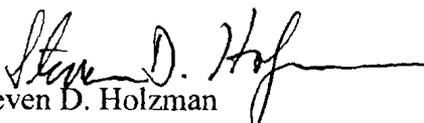
For example, during a routine examination in 2003, we found there had been several recent regulatory changes. The staff was helpful and constructive in explaining the application of these changes to our firm, and helped us develop policies and procedures to comply with them.

I also believe that the possibility of an SEC exam on short notice creates an extra incentive for all of our professionals to remain disciplined and to update files on a timely basis.

In summary, while there are incremental costs associated with registration, in my opinion the burdens are not excessive for any serious investment firm which is committed to timely and accurate reporting. In fact, having the controls associated with registration should help management feel more operationally secure as they pursue performance. As a result, I continue to strongly support your proposal to mandate registration.

Thank you again for your invitation to comment. Please let me know if I can be of further assistance.

Respectfully yours,

  
Steven D. Holzman

cc: Chairman William Donaldson  
Commissioner Cynthia A. Glassman  
Commissioner Harvey J. Goldschmid  
Commissioner Paul S. Atkins  
Commissioner Roel C. Campos