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**COMMENT**

March 30, 2011

David A. Stawick  
Secretary of the Commission  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

Re: Comments to RIN 3038-AD30, Amendments to Rule 4.13

Ladies and Gentlemen:

Cranwood Capital Management LLC is an investment advisory firm that currently manages three futures trading funds. To date, Cranwood has been exempt from CPO registration under Rule 4.13(a)(4), but would be required to register if the Rule is revoked pursuant to the Notice of Proposed Rulemaking published in the Federal Register on February 11, 2011. We are writing to object to the proposed revocation of the Rule on the ground that the protections afforded the investing public by CPO registration and compliance are not necessary to protect the interests of appropriately qualified investors, as defined in Rule 4.13(a)(4).

Our funds are offered solely to natural persons who are “qualified eligible persons” as defined under CFTC Rule 4.7(a)(2) or non-natural persons who are “accredited investors” or “qualified eligible persons” as defined under CFTC Rule 4.7. Such potential investors are highly sophisticated investors who conduct rigorous due diligence investigations of prospective investments to an extent that goes considerably beyond the Commission’s required disclosures. We are accustomed to intense scrutiny from potential investors that frequently includes independent background checks of our key employees, onsite visits that include interviews with our traders and other key personnel, interviews of our third-party administrator and our auditors, interviews of officials of our clearing broker, interviews of officers at our custodial bank, and bulk delivery of transactional data for independent analysis. To say that such information-gathering goes far beyond the contents of a mandated disclosure document is a gross understatement.

Furthermore, a review of enforcement actions listed in the CFTC’s website indicates that there has not been a significant problem with fraudulent activity among funds claiming the

exemption from registration under Rule 4.13(a)(4). Accordingly, we believe that revocation of Rule 4.13(a)(4) is an attempt to correct a problem that does not currently exist.

As we understand it, the purpose of CPO registration is the protection of the investing public from potential fraud on the part of unscrupulous operators. Ordinary members of the investing public who place their trust in commodity pool operators need the protections afforded by the regulation of CPOs in order to insure that adequate disclosures are made prior to investment decisions and that commodity pools are operated in a safe and sound manner thereafter. It is clear that QEPs do not need the protections afforded by regulation since they have the capability to protect themselves and they do so actively, as evidenced by the lack of enforcement activity involving funds that restrict their investors to QEPs. Any fund that seeks to attract QEPs is required by the operation of market forces to maintain oversight and controls that go beyond the requirements of CPO regulation, so that such regulation, if imposed, would be at best duplicative and would result in unnecessary and burdensome additional cost to fund managers, which cost would ultimately be passed on to investors, thereby unnecessarily constraining returns.

Very truly yours,

**Cranwood Capital Management LLC**

By: 

Peter W. Powers  
Chief Executive Officer

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