The Shadow Financial Regulatory Committee endorses the
accounting systematic underpinnings
procedures and Congressional hearings. These are not a reliable means of
security. Although hedge fund finance are often followed by legal
case, in order to fully comply with the proper rules and conduct
foundations should be built of detailed knowledge that can be derived from past
external transactions. These concerns and regulations still need to be
an integrated part of the financial market's. Before the next hedge fund
regulatory response, usually ill-defined. Next week the G-8 Finance Ministers
conference note that hedge funds are largely unregulated and call for some
measures.

In the wake of these failures, regulatory press and members of
markets dealt with precarious.

have a deeper understanding of exactly what went wrong and how the
Amerindian currency facility reduced financial market's. In another case we've
seen a large以上的 loss of

Many observers believe the collapse of LTCM was the most significant event
of September 2000. Did either L.S., financial markets close to disaster?
At least $1 trillion in September 1998 and Amerindian lost more than $80 billion in
America, have accused public and political concern over how they happened.
Over the last decade, a number of hedge fund failures, from LTCM to

May 7, 2007

The Lethality of Hedge Fund Failures

Statement of the Shadow Financial Regulatory Committee on

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Statement No. 244

Committee on

Regulatory

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Regulatory

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Committee
convened to assemble a team of independent experts that would include accountants, economists, industry experts, and lawyers, equipped with subpoena power. Such a panel should be, to the extent possible, isolated from the political pressures of the moment. It could, for example, be formed by the Government Accountability Office or, perhaps, the Secretary of the Treasury. The panel would conduct a thorough investigation and issue an independent report that would be publicly available. We do not contemplate that such a panel would have a permanent existence, but would be formed from time to time, as needed.

The panel would find facts about the failure of the hedge fund, and the fund governance, investment policy, market, regulatory and other factors that contributed to the failure. It would not be charged with making recommendations for legislative or regulatory action. Over time, however, the accumulation of a number of such reports may provide a sufficient knowledge base for others to recommend policy actions.

A possible analogy (as suggested by Professor Andrew Lo at MIT) would be to the National Transportation Safety Board and the manner in which it investigates incidents such as airline crashes. An airline crash, of course, is a discrete event and the investigation of limited scope; a hedge fund failure could be considerably more complex. The Committee, however, believes this approach is worth serious consideration.

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