

the industry will ultimately benefit investors and managers alike.

The Greenwich Roundtable is a not-for-profit organization, based in Greenwich, Connecticut with a mission to promote education in alternative investments. This thoroughly professional and thoughtful institution has produced a report entitled, "Best Practices in Hedge Fund Investing: Due Diligence for Equity Strategies," that I hope will serve as an important reference for this body, for investors and for others interested in our capital markets. The goal of the publication is to "help demystify a topic that has been shrouded in myth and, by doing so, help improve the level of education among those who wish to better understand the community of active hedge fund investors." It seems to me this is a very important document and would recommend it to any of my colleagues with an interest or concern about the industry to review it.

An abstract of this report is below, and I again would like to express my appreciation to the Greenwich Roundtable for this important and timely publication.

**BEST PRACTICE IN HEDGE FUND INVESTING:  
DUE DILIGENCE**

This publication is the first collaboration of its kind, between investors and managers. The goal of this publication is to help demystify a topic that has been shrouded in myth and, by doing so, help improve the level of education among those who wish to better understand the community of active hedge fund investors. This is the first issue of the planned series of Best Practices in Hedge Fund Investing.

Inside this first issue, you will be treated to an informed examination into the art of due diligence. The scope will be confined to examining equity-oriented strategies. The universe of hedge fund strategies is enormously broad and diverse. Any single method of inquiry applied to all due diligence would become generic. Future issues will cover strategies in other areas such as managed fixtures, fixed income and asset-backed markets.

The investors who created this publication are members of our Education Committee. Their backgrounds are broad and diverse. They hail from the family office, bank proprietary capital, or fund of funds communities. They are all seasoned investors in a broad range of strategies. For two years, our purpose has been to uncover "soft" aspects of performing hedge fund due diligence. Our emphasis is on developing an interpretative discussion whenever a flag is raised. There have been many generic investor questionnaires circulated. Most were focused on collecting quantitative data. Quantitative analysis is backward looking. Qualitative analysis is more useful as a forward looking tool.

**SELECTED EXCERPTS**

**Strategy, Investment Process, and Market Opportunity**—A critical first step in any evaluation of a hedge fund investment is the establishment of a proper context for the evaluation. Once the context for the evaluation is properly understood, it is possible to proceed with a more nuanced investigation of the investment strategy, the portfolio manager's edge, and other relevant fund particulars.

**Team and Organization**—The quality of a firm's human capital will contain, perhaps the strongest clues about its prospects for sustainable success. Moreover, the success of the organization requires both investment and business management acumen, skills that rarely reside in equal proportion in any single investment professional.

**Fee Structure and Terms**—The evaluation of a fund's fee structure and terms is essen-

tially an exercise in understanding the value proposition of a particular hedge fund investment. Much of this will depend on the circumstances and environment in which the investment opportunity is presented. In the end, an investor must ultimately determine whether the terms and conditions for this investment are reasonable and fair.

**Management Company, Fund Structure and Asset Base**—An evaluation of the hedge fund's management company should be focused on the question of what kind of business it is. In the final analysis, an investor needs to understand if there is a true alignment of incentives between the prospective investor and the portfolio manager in regards to their investment objective.

**Quantitative Review**—Many experienced hedge fund investors appear to view quantitative analysis as a valuable complement, rather than a substitute, for more qualitatively drawn judgments. Deployed intelligently, certain quantitative disciplines can help confirm the wisdom of more qualitatively drawn judgments and assist in highlighting aspects of the investment strategy that warrant further investigation.

**Operations and Transparency**—There is a big difference between portfolio transparency and translucency. Transparency implies a more substantially active role on the part of the manager in identifying and clarifying key risks for investors. Translucency implies a simple commitment to provide a clear view of the portfolio holdings and may not be very helpful in informing the investor.

**Third Parties**—Evaluating the quality of the third-party vendors, as well as understanding the intersection of in-house and third-party business management, is critical to understanding how disciplined the hedge fund business and investment processes truly are.

**Intuition, Judgment, and Experience**—No amount of due diligence can completely replace the importance of experience and intuition when investing with a hedge fund manager. Finally and most importantly, would you invest your own money or your family's money with this manager?

**A DEBT OF GRATITUDE OWED TO  
PAUL LANKFORD**

**HON. JOHN J. DUNCAN, JR.**

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

*Thursday, July 28, 2005*

Mr. DUNCAN. Mr. Speaker, I have often said that veterans have been called on to give more for their country than most of us ever will. Paul Lankford, a survivor of the Bataan Death March and a resident of Maryville, Tennessee, is living proof of that.

Mr. Lankford was captured by the Japanese military on the Bataan Peninsula on April 9, 1942, and was freed by Russian soldiers in July 1945. In those three years and three months in captivity, he survived horrific conditions.

At Bataan, Lankford was forced to march 65 miles in five days in unbearable heat, walk on human flesh, and bury his comrades. After the march, he was forced into slave labor.

When Lankford joined the Army Air Corps in 1941, his weight listed at 150 pounds. After being freed in 1945, he weighed 60 pounds.

After taking six months to recover from this terrible ordeal, Lankford continued his service to the Air Force, retiring in 1968 as chief master sergeant. A building at McGhee Tyson Air National Guard Base is named in his honor.

Mr. Speaker, this Country owes a debt of gratitude to Paul Lankford. He is a fine man, and our Nation is a better place because of his service.

I would like to call to the attention of my colleagues and other readers of the RECORD the following article from the July 17 edition of the Knoxville News Sentinel.

[From the Knoxville News Sentinel, July 17, 2005]

**MARCH OF DEATH, LIFE**

(By Fred Brown)

Paul Lankford slipped back through his memory, as if turning pages, recalling a scene, and then explaining details of what he saw. It was like a movie reeling off in front of him, frame by frame. A war movie. A war movie of hell.

Six decades ago in July 1945, Lankford was a prisoner of war, having been held by the Japanese military for three years and three months. He had been captured along with the rest of Gen. Douglas MacArthur's army April 9, 1942, on the Bataan Peninsula.

He was 23 years old the day of his capture and 26 upon release. In July 1945, Lankford still had one more month to go before being liberated by a wild Russian army.

With the arrival of the Russians, who went on a rampage, Lankford and other POWs were transformed from slave to master. The allied soldiers who had been POWs were now guarding their former masters. The situation was surreal in the extreme.

In fact, Russian soldiers instructed former American POWs, including Lankford, to pick out a guard they particularly disliked, and the Russians would politely shoot him for the Americans.

Lankford's ordeal began the day MacArthur deserted the Philippines, leaving the bruised, battered and beaten army to survive the best way they could. He sent a message from the safety of his headquarters in Australia that the army was to fight to the end.

The end came April 9, 1942, after three months of aerial and artillery bombardment, starvation and disease. Lankford and the soldiers were out of ammo and food, with no choice but to surrender.

With the surrender of the Philippines, Lankford and his 27th Bomb Group were corralled. There were perhaps 1,200 defenders on Bataan, but including all soldiers, allies and Filipinos, the number was around 70,000.

Of that number, maybe 8,000 would survive the next three years. Of the 1,200 of Lankford's group on Bataan, an estimated 200 are alive today.

There are few, if any, monuments to the soldiers and sailors of Bataan—those Battling Bastards of Bataan, as they were known.

Lankford was born near Gadsden, Ala., and joined the U.S. Army in 1939. He then made the transfer to the U.S. Air Force when it was formed in 1948.

Now 86, he lives in Maryville, having retired in 1968 as chief master sergeant. He became the first commandant of the Professional Military Education Center at McGhee Tyson Air National Guard Base until his final retirement in 1981.

But in 1945, he was one of the few who survived the Bataan Death March.

"I had one canteen of water for 10 days," Lankford began his story.

"There was one rice ball, about the size of my fist," he said, making a ball with his hand.

Lankford was, he said, among the lucky. He was marched 65 miles from one end of the peninsula to the other. He eventually was moved from the Philippines to Korea and then wound up in Mukden, Manchuria.

When he left Korea for Manchuria in December 1942, it was 30 below zero. He had little warm clothing for the trip.

"The Japanese needed slave labor," said Lankford. "I worked on farms, in steel mills, tool and dye plants, tanning plants, foundries."

The day his personal march into hell began, Lankford made a promise to himself: "I said I would never give up, I would survive," he said. "I would take whatever they threw at me."

That was a fairly easy deduction for a fellow who was already down to eating horse, iguana and mule meat to survive.

"When you get hungry," says Lankford, "you will eat anything."

The soldiers who had survived Japanese bombardment were already listless from four months of half rations, then no food at all. They suffered from malaria and dysentery. Lankford had a severe case of malaria and malnutrition with sores around his mouth, nose and eyes.

"Our fighting men were zombies," he said.

He marched from the south in Mariveles, at the very tip of Bataan Peninsula in the South China Sea, north to San Fernando and then to Camp O'Donnell, a former Philippine Army training camp.

Along the way, historians believe some 10,000 Filipino soldiers died at the hands of Japanese guards. About one of every six on the march would die from brutality, murder, dehydration, beatings, starvation or other atrocities.

Of the 70,000 who began the march, some figures cite that 54,000 reached O'Donnell.

Lankford was bayoneted in the right shoulder because he was not moving fast enough or had infuriated his Japanese guard. He never knew why he had been bayoneted. He just was.

Lankford marched 65 miles in five days in the broiling sun. The only time the prisoners were allowed to rest—standing, not sitting—was at a change of Japanese guards. They were allowed no food, no water. If they dropped to the ground, they were shot. If they fell behind, they were shot.

If they cried out in agony, they were shot—or worse.

"If they heard a soldier screaming, they would cut his head off," said Lankford.

"The first day, we lost maybe 50. The second day, we lost 200. The third day, we lost another 300," said Lankford.

"Shortly after we started the march, a truck would come through, and if you didn't get out of the way, it would just run over you. There were bodies all over the road.

"At times, you walked on human flesh. It was like walking on jelly," said Lankford.

"We marched day and night. What I tried to do was to stay as far to the right side of the road as I could. Trucks filled with Japanese soldiers would come by, and they would bayonet you or hit you with bamboo rods," he said.

"It never crossed my mind that I would die, but you never knew what was going to happen to you."

Like being stuffed into narrow French-made boxcars on a narrow-gauge railroad.

The boxcars were big enough for maybe 50 men. Hundreds were jammed inside. The steel cars had no windows, no ventilation. There was no air, and it was pitch dark. Lankford said they were fast using up what oxygen there was in the railcar.

"Some of the men who were claustrophobic went stark raving mad," said Lankford. "Others died standing up."

When the cars were unloaded at one of the designated stops before arriving at Camp O'Donnell, the dead fell out.

He was at Camp O'Donnell until he was moved to Manila in November 1942. While at O'Donnell, he was placed on burial detail, bringing bodies to graves that were dug by POWs from sunup to sundown.

He had to transport his best friend to a grave.

"He had just given up and passed away," said Lankford, as if talking about a wisp of air that passes by and is gone.

During the O'Donnell ordeal, if an escape was attempted, the guards would take prisoners out and execute them, Lankford said, as an example to the others.

After working at other camps, Lankford was eventually put aboard a ship.

He and 1,500 other prisoners were forced down into the ship's hold, which had been used to transport horses and cattle. Filthy straw, with scattered piles of manure and the strong stench of urine, was everywhere, he says.

"We were suffering from dysentery, and some men went mad."

Men began dying immediately. They were fed a thin gruel of fish-head soup and a handful of rice twice a day.

They were sailing from Manila to Korea. U.S. naval vessels and submarines were hunting Japanese ships. The POW ships were unmarked and were attacked by the American vessels of war with impunity, never knowing that U.S. POWs were aboard. Thousands of American POWs died an ignominious death below decks in horse manure, human waste, vomit and stacks of the already dead.

It took his ship one month to go from Manila to Pusan, Korea. When the ship arrived, Lankford was among the 175 men in the worst condition.

He was taken to a racing track being used for a hospital. The remainder of the men he had traveled with were sent to Mukden, Manchuria.

"Each morning I would wake up, and there would be dead men on my left and right," he said.

The day he arrived in Mukden, he was given a big bowl of stew. Being from Alabama, he loved beef stew.

"This was dog meat. It tasted mighty good," said Lankford.

"You didn't see many stray dogs around there."

When he arrived in the Army Air Corps back in 1941, he had weighed about 150 pounds. In Manchuria at liberation, he weighed 60 pounds.

The Russians arrived, he said, and things became rather chaotic.

"I'll never forget it. These Russians were front-line troops. They were plenty rough. The Russians would make raids every night.

"It was like the Fourth of July every night. Everybody was shooting at everybody else."

Lankford was set free of his Japanese ordeal Aug. 20, 1945. The Russians put the POWs aboard a train and sent them back toward American lines.

He arrived in Port Arthur, Manchuria, and ran into an old navy chief who asked him what he'd like to eat.

"I told him I wanted some ice cream," said Lankford. "But I couldn't eat it. The chief said he'd just put it up for me with my name on it. I could have all the ice cream I wanted."

Eventually he was returned to Manila, put aboard a Danish ship and sent home.

"We were heading home," said Lankford. "We were so happy."

In the state of Washington, he boarded a hospital train. There he was given slippers and pajamas for the first time in four years.

"We crossed the big, ol' U.S.A.," he said, his face beaming with pride.

He was able to meet his family in Atlanta and spent about an hour with them before leaving for Augusta, Ga. Unlike most, Lankford had been able to let his family know by 1944 that he was a POW. They just

didn't know where he was or under what conditions he had survived.

"I was lucky. Most of the POW families never knew their soldiers were alive until they got back to America."

He took six months to recover in an Augusta hospital. After a short time at home, Lankford decided to make the Air Force a career.

Today, a building at McGhee Tyson Air National Guard Base is named for Lankford. It houses all of his medals, and he plans to be buried there. The tombstone is already up.

But he is at peace now.

"For the first four or five years after I came home, I hated the Japanese," he said.

"Then I got to thinking about it. Why should I hate them? It didn't have anything to do with the war."

He and his wife, Edna, of 59 years, returned to Japan in 2001.

"It was no problem, really," he said. "I feel very fortunate that I got to speak to the Japanese people again."

But that hasn't stopped the nightmares. He still sees the brutal guards and their nicknames in his dreams. "The Bull," was one, he said.

"We knew who to stay away from."

Some nights in the early months after his return, said Edna, her husband would scream out and grab her by the throat.

And then Paul Lankford would wake up. He was back home and not in Manchuria, dodging the Bull.

#### ESTABLISHMENT OF THE MUSEUM OF THE HISTORY OF POLISH JEWS IN WARSAW, POLAND

#### HON. ILEANA ROS-LEHTINEN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 28, 2005

Ms. ROS-LEHTINEN. Mr. Speaker, I rise in strong support of a Resolution which I cosponsored, and which was introduced today, recognizing the establishment of the Museum of the History of Polish Jews in Warsaw, Poland. This museum celebrates 900 years of Jewish life in Poland and commemorates the millions of Polish Jews killed during World War II.

The Holocaust proved to be one of the most horrendous offenses against humanity. In total, an estimated 6,000,000 Jews, more than 60 percent of the pre-World War II Jewish population of Europe, were murdered by the Nazis and their collaborators in Poland and throughout Europe.

As the epicenter for European Jewish culture and arts, Poland was home to 3.3 million Jews prior to World War II. The Nazis established their largest concentration camp in Poland at Auschwitz. At a minimum, 1.3 million people were deported to the camp between 1940 and 1945, and at least 1.1 million were murdered there.

I applaud and commend the Government of Poland's support of the Museum of the History of Polish Jews in Warsaw, and its commitment to Holocaust education. In addition, the philanthropic efforts by a number of companies and organizations cannot be ignored.

Mr. Speaker, we must never forget the tragic events that led up to the Holocaust and we must urge all countries and all peoples to strengthen their efforts to fight against racism, anti-Semitism and intolerance around the globe.

If we do not remain committed to teaching the lessons of the Holocaust for future generations, then history will be doomed to repeat