P R I V A T E C A P I T A L

Management

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September 25, 2008

Ms. Florence E. Harmon
Acting Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

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Dear Ms. Harmon:

I write regarding the Commission's recent Order, dated September 22, 2008 (the "Order"), authorizing The Reserve ("Reserve") to suspend redemptions in its Primary Fund (the "Fund") and postpone payment for shares that have been submitted for redemption but for which payment is still pending. I understand from the Order that Reserve's liquidation of Fund assets and payment of appropriate amounts to the Fund's shareholders will be effected subject to Commission supervision.

As a shareholder in the Fund, I would ask that pursuant to its oversight of the Fund the Commission review the actions taken by Reserve and its communications with the Fund's Trustees prior to the September 16, 2008 public announcement that the Fund's net asset value had declined to $0.97 per share.

Under the Fund's prospectus, Reserve is obligated to "report to the Trustees any deviation of more than 0.25% from the Fund's net asset value calculated using the amortized cost basis." It seems, at least from this distance, highly probable that -- given the market distress Lehman Brothers experienced during the first two weeks of September and the Fund's exposure to Lehman commercial paper over that period -- a 0.25% deviation from the Fund's amortized cost basis net asset value may have occurred well in advance of 4:00 PM on September 16. Assuming this is the case, a shareholder may legitimately want to know whether Reserve communicated the deviation to the Fund's Trustees as required by the prospectus. If Reserve did inform the Trustees, one wonders why the Trustees did not undertake immediate action to insure the equitable treatment of all Fund shareholders as outlined in the prospectus.

Clearly the significant probability that in excess of 1% of the Fund's assets could imminently suffer a material impairment or become non-performing was an event that the Fund's Trustees could readily determine "may result in material dilution or other unfair results to new investors or existing shareholders." As such, one has to question why the Trustees did not mandate corrective action outlined in the Fund's prospectus such as the immediate sale of the potentially impaired securities or a setting of the Fund's net asset value on the basis of available market quotations. In either case the Fund would have

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established a net asset value that comported with economic reality well in advance of 4:00 PM on September 16 rather than continuing to adhere to (and allow ongoing share purchases and redemptions under) an obviously materially inaccurate net asset value determined under an amortized cost approach.

Had the Fund or its Trustees undertaken such actions, the unconscionable inequality of treatment of Fund shareholders that has resulted could likely have been ameliorated. Further, as it appears from press reports and lawsuits that have been filed against Reserve, the losses occasioned by the Fund are likely to be disproportionately borne by the Fund's individual, rather than institutional shareholders. While an investor is entitled to market rewards that result from insight or prudence, it appears that the lion's share of the inequality of result here arises from a failure of Reserve or the Fund's Trustees to take basic steps outlined in the Fund's prospectus to insure fair and equal treatment of Fund investors. A liquidation that allows insiders or favored clients to benefit at the expense of shareholders with whom the Fund maintained an arms-length relationship does not seem to be the type of result the Commission should allow. It would also set a notably poor precedent.

I thank you for your time and consideration of this matter.

Very truly yours,

Bruce S. Sherman

Bruce S. Sherman

cc: Bruce R. Bent
Chairman & CEO
The Reserve