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Dear Securities and Exchange Commission (SEC) Chairman Christopher Cox,

Please disregard the April 7, 2006 federal appeals court ruling and uphold the chairman and ¾'s of the directors of mutual funds be independent rule. Accept this document in your public comment on the cost of mutual fund governance rules set aside by the court. The U.S. Chamber of Commerce (Chamber) does not represent the interests of shareholders or investors. It continually thwarts necessary reform to protect the interests of corporate managers, above investors. The Chamber has promulgated the fleecing of investors, through the shifting of shareholder wealth to executive management and rogue investment management firms.

The court's ruling asks the wrong question, instead of asking how much the ruling would cost mutual fund companies? It should be asking how much have corrupt, crony, status-quo mutual fund boards cost investors? Please, disregard this ruling from a court of pro-business jurists, with no empathy for the peril faced by investors.

Have we forgotten the market timing and after hours late trading scandal perpetrated by the mutual fund industry in 2004? The mutual funds' boards across the industry breached their fiduciary duty to millions of investors, costing investors untold \$billions in investments. We know mutual funds were fined, over \$2.7B, but how much did this scandal cost investors: \$20B, \$40B, or \$60B?

<u>Millions (\$MMs)</u>		<u>Civil</u>				
<u>Date</u>	<u>Firm</u>	<u>Penalty</u>	<u>Disgorgement</u>	<u>Fee Reduction</u>	<u>Reimbursement</u>	<u>Total</u>
	Fred Alger Management	\$0.4MM				\$0.4MM
12/03	PEA Capital LLC	\$16.6MM				\$16.6MM
12/03	Alliance Capital	\$250MM			\$100MM	\$350MM
1/04	MFS, Inc.	\$50MM	\$175MM	\$125MM		\$350MM
2/04	State Street	\$1.53MM				\$1.53MM
2/04	Federated	\$20MM				\$20MM
3/04	Bank of America (Fleet)	\$125MM	\$70MM	\$160MM	\$320MM	\$675MM
4/04	Putnam	\$100MM		\$10MM		\$110MM
4/04	Janus	\$51MM	\$50MM	\$125MM		\$226MM
5/04	Strong Capital Mgmt.	\$80MM	\$60MM	\$35MM		\$175MM
6/04	Banc One	\$40MM	\$10MM	\$40MM		\$90MM
6/04	Pilgrim Baxter	\$50MM	\$40MM	\$10MM		\$100MM
8/04	Franklin Advisers	\$25MM	\$30MM			\$55MM
9/04	Charles Schwab	\$0.35MM				\$0.35MM
9/04	Pimco	\$40MM	\$10MM			\$50MM
10/04	Invesco	\$140MM	\$235MM	\$75MM		\$450MM
10/04	Robertson Stevens	\$30MM				\$30MM
10/04	RS Investment Mgmt	\$13.5MM	\$11.5MM			\$25MM
Totals		\$1,033.4MM	\$691.5MM	\$580.0MM	\$420MM	\$2,724.9MM

Investors have absolutely no faith that mutual fund boards picked by mutual fund management will act in the best interests of mutual fund investors. Why, because their ethics are in question. At Fred Alger Management Vice Chairman James Connelly was banned from the industry for life and spent three years in prison. The chief executive officer (CEO) and president of MFS, Inc., Ballen and Parke, were suspended from the industry for 9 and 6 months, while paying \$250,000 and \$50,000 in penalties, respectively. In addition to Strong Capital's \$175MM in penalties Chairman Richard Strong, Executive V.P. D'Amato, and Compliance Officer Hooker were banned from the industry for life. Richard Strong paid \$60MM in fines. At Banc One CEO Mark A. Beeson was fined \$100,000 and banned

from the industry for two years. Invesco's Chief Executive Raymond Cunningham was charged with civil fraud and paid \$500,000 in penalties.

The \$7.9 trillion mutual fund industry is another example of a failed corporate board governance system. The owners and managers of mutual fund complexes have created an Orwellian corrupt criminal environment where they always win, while investors are rolling loaded dice. Mutual fund boards have not functioned as an agency of discipline to do what is in the best interest of fund investors. Instead, they operate in the best interest of lining the pockets of mutual fund management, along with corporate management, to the detriment of fund investors and shareholders.

Fund management has been consistently silent over incompetent or compliant corporate boards. Investment managers don't want to disturb business relationships conducted elsewhere within their organization. The end result is fund management and their corporate clients have been making a lot of money, while mutual fund investors are happy to break-even.

An example of the failure of mutual fund boards is the consistent complicity with corporate management not to support shareholder attempts to rein in executive pay. A study released in March 2006, 1,603 companies and 18 of the 25 largest fund groups, found that 75.6% of the time mutual fund complexes voted in favor of corporate management when these plans were clearly not in the best interests of their investors. The big fund groups have enabled run-away executive pay that shifts wealth away from investors. Outrageous executive pay has been a major reason for poor stock returns. The total compensation of the 5 best paid officers of publicly held companies, from 2000 to 2003, amounted to 10% of corporate earnings.

The problem is the conflict of interest inherent when the fund company has investment banking, merger and advisory, or 401K retirement plan administration services relationships available to the company sponsoring the proxy it's voting on. AIM Investments voted against shareholder compensation proposals 90.0% of the time, while Morgan Stanley fund complex voted against shareholders 84.3% of the time. Why would any investor want their boards chosen by or from mutual fund management?

The largest fund complexes have an abysmal record of supporting shareholder reform initiatives, in particular, there is no justification for Fidelity's voting record against controlling executive pay and stock option reform.

	Percentage of Times Fund Companies Voted in Favor of Compensation Proposals				
	Shareholder Compensation Proposals	Management Compensation Proposals	Capping Severance Pay or Controlling Executive Payout	Performance-Based Stock Options	Stock Options Must Count As a Cost
Vanguard Group	23.4%	64.6%	95.2%	0.0%	100.0%
American Funds	25.4	86.5	81.3	0.0	100.0
Fidelity	2.2	66.5	3.0	0.0	5.3
Franklin Templeton	35.3	80.8	69.2	67.6	67.4
T. Rowe Price	28.1	87.6	92.3	35.0	23.1

Many fund companies have not voted based on their fiduciary obligation to fund investors nor have they enhanced shareholder value.

A number of mutual fund companies have not adhered to the original June 2004 ruling, effective again January 1, 2006, ignoring it, expecting this April 2006's appeals court ruling, among them the biggest fund complexes: Fidelity and Vanguard. Since Fidelity and Vanguard clearly broke the law, why doesn't Fidelity Chairman Edward C. Johnson III and Vanguard Chairman John J. Brennan spend time in jail? Each of these fund complexes control roughly \$1 billion in assets, accounting for many corrupted proxy votes.

Edward C. Johnson III has the ignominious distinction of doing more to destroy shareholder value, shifting it to management, than any other individual on earth. Mr. Johnson believes an independent chairman would have less "expertise and hands-on feel" than a company-employed chairman. The disingenuous Mr. Johnson warns investors that independent directors would be less competent than executive fund management. The directors do not make investment decisions, they vote on broad policy issues, so why would hands-on feel be necessary? Fund return

performance would not be impacted. There are thousands of competent executives, who by acting unencumbered of corporate business pressure would focus on fund investor and shareholder interests, a proper alignment of shareholder and investor fiduciary duty.

Many Republican law makers are discounting the tremendous losses suffered by shareholders through blatant misappropriations of fiduciary duty. The two Republican SEC commissioners, Cynthia Glassman and Paul Atkins, should be ashamed for not voting for the independence ruling. I will gladly pay any additional mutual fund costs to have both an independent chairman and board. My costs will be much, much larger maintaining the corrupt status quo. Their wordy dissent lacks any assemblage of a logical, believable, or cogent argument. By not passing this rule these commissioners threaten the SEC's long-term credibility with the public.

A majority of mutual fund board members and the chairman must be independent. I hope you join ex-SEC Chairman Arthur Levitt and support this initiative. Following this rule is integral in stemming systematic abuses in the mutual fund industry. Fund boards should represent fund investor interests, not the interests of fund management. Having fund management choose board members from mutual fund management leads to a flawed, conflicted system of rogue sycophantic boards, rubber stamping management proposals leading to mega-losses for investors. We need true investor advocates on mutual fund boards -- bulldogs, not mutual fund or corporate shells -- to take on corporate management.

Sincerely,

Andrew H. Dral