

Re: Investor Advisory Committee

Dear Friends:

I admire and applaud your concern for investors' rights and interests. However, I'm at a loss as to how you might achieve your objectives based on the individuals selected as members of an "Investor Advisory Committee."

How does one structure a regulatory committee that enhances investor protection? It seems to me that this ill conceived scheme is likely to result in yet another kabuki dance that involves political rhetoric, the sole purpose of which is designed to obscure the facts, while nothing will be accomplished other than meaningless rhetoric.

There are two factors to consider that will contribute to greater investor protection. Former Commissioner Richard Breeden's criticism of the repeal of the Glass Steagall Act and the fact that there's been no serious attempt whatsoever to reestablish those regulatory requirements has never been given serious consideration. Reenacting the basic tenets of the Glass Steagall Act would reinforce the original legislation designed to provide much needed investor protection. Until we do that anything else is mere window dressing and political posturing. In addition, the fecklessness of the regulators is no less than embarrassing and must be addressed by ensuring the independence of the SEC so they can function free of political interference and inappropriate influence.

We already have in place the regulatory infrastructure required to address the issues we face, which raises profound questions about the real objective of this Committee, especially when considering those who comprise the membership of the committee. For example, with the exception of Ms. Barbara Roper (Consumer Federation of America) and Dallas Salisbury (Employee Benefit Research Council), which of the remaining 13 committee members could conceivably be described as anything remotely resembling an investor advocate? Exactly what is the basis of their records of accomplishment in this arena? Surely the AARP's role a few years ago in its public campaign opposing the proposed Social Security reforms would eliminate them as an investor advocate. The same is true of those organizations that are investment advisory firms (including AARP), the primary purposes of which are to sell more investment products to the public. In other words, this is anything but a "diverse group" (Chairman Shapiro). I could go on, but I'm sure you get the point.

Where are any representatives of the more than **90 million** mutual fund investors? Is it possible that not a single independent mutual fund director was qualified for membership on this committee? Is it conceivable that any executive from the Mutual Fund Directors Forum was also unqualified as a possible committee member? The fact is that by completely ignoring **+90 million** mutual

fund shareholders and their independent directors, it appears this effort might be nothing more than window dressing to divert attention from the real problems we face.

I'm concerned that despite your good intentions the membership of this committee will not contribute to giving "investors greater voice in the Commission's work" (Chairman Shapiro). Based on the very nature of the membership of the committee, with the exception of the two previously named members, how can this "diverse group" give any investors a "greater voice" in anything?

Can we expect this group to support self-funding for the SEC? Unless and until the SEC becomes truly independent and self sustaining it will never be free from, or subject to, the whims, pressure and interference of politicians and congressional bureaucrats, which must end sooner rather than later.

What has been made public to date indicates that anyone with a pulse in the securities industry, including the regulatory community, knew what was going on over the last few years, but was either unable to or prevented from taking any action to address the "shenanigans" that were ongoing for years. This is a serious issue and one needs only to compare the regulatory response to the mutual fund market timing/late trading scandals of the early 2000s to realize something is amiss today. In the mutual fund example, both the SEC and the attorneys general of several states were very pro active in addressing those scandals. One can only guess why this difference exists since so many of those involved in the recent securities industry debacle are known, but remain unscathed and untouched by any of the regulatory agencies. How can that be?

When that question is answered you'll understand that another bureaucratic agency, committee or commission is nothing more than window dressing.

Most sincerely,

Dan Calabria