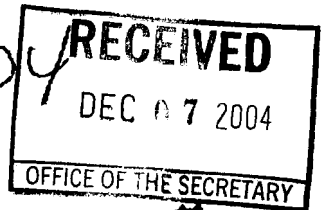


AS Requested

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D: KIERAN BROWN

#268

As purchasers of Mutual Funds we are all worried of this alleged "after hours trading" which we all feel is continuing. We must see security.

When is the SEC going to act as described in the attached article we got and was published by the Boston Globe some time ago. It is taking ages!

Since a trusted institution like the U.S. Post Office seems to have a solution with their "electronic postman" what are we waiting for? ACT QUICKLY!

They should be put in charge not the financial industry who we do not trust. Everyone trusts the U.S. Post Office and they have it now

Please act so that we don't have to be uncomfortable
Thank You.

USPS wants to deliver fairness to mutual funds

Electronic postmark vies with other plans

By Andrew Caffrey, Globe Staff | May 17, 2004

The government agency that brings you snail mail wants to stop lightning-fast traders from ripping off mutual funds.

The US Postal Service says its fancy new technology can clean up the greatest scandal to ever hit the mutual fund industry, in which unscrupulous investors sneak late trades into funds after prices are set each day at 4 p.m. ✓

The agency has created an electronic postmark that will stamp the time and date on a document. Investors and mutual fund companies could then use the information to verify that a trade was made before the 4 p.m. cutoff for that day's prices. More important, the technology offers elaborate security provisions that the Postal Service says would detect any effort to manipulate or tamper with a mutual fund trade. ✓

The system offers independent verification of the validity of a document from a government agency with a long track record of delivering mail and executing financial transactions. Plus, it has the power of federal law behind it, since it is a crime to tamper with documents in its system. ✓

"We're a disinterested third party," said Chuck Chamberlain, who runs the electronic postmark project for the USPS. "There's nobody to bribe in this system. No single person has access to the system whereby they could manufacture a transaction or alter one without being detected." ✓

The Postal Service and its corporate partner, AuthentiDate Inc. of New York, are among vendors and financial firms pitching technology solutions to federal securities regulators who are weighing new rules to prevent late trading and other mutual fund abuses. ✓

At the other end of the spectrum from the Postal Service proposal is a solution being pushed by Fidelity Investments and other mutual fund players that would use simpler time-stamping technology and procedures, which they say would end the trading abuses at less cost.

Either way, industry officials say that technology is the key to battling human corruption. "I truly believe this industry can use technology to solve this problem," said Chip Voneiff, who runs the investment management practice at PricewaterhouseCoopers.

"If you take away the human element" from processing trades, "it becomes much more difficult to do something inappropriate," he said. "You're never going to get rid of bad apples, but you can make it a heck of a lot harder for them to get away with it."

Late trading is an illegal practice in which investors take advantage of that day's market movements to submit trades after the daily close of trading but still get the price mutual funds set at 4 o'clock. Attorney General Eliot Spitzer of New York has likened late trading to betting on a horse race after the finish. ✓

Regulators said unscrupulous traders exploited weaknesses in the current system that allow brokers and other financial intermediaries to ship that day's batch of orders to mutual fund companies hours after the 4 p.m. cutoff and yet still receive the fund price set earlier. Fund companies say they trusted financial intermediaries to vouch that each order from a customer was placed before 4 p.m., but government investigations showed that some investors, often with the help of a company insider, hid their late trades in the huge batches of orders that are bundled at the end of the day. Continued... ✓