



November 18, 2003

The Honorable Richard C. Shelby  
Chairman  
Committee on Banking, Housing, and Urban Affairs  
United States Senate  
Washington, DC 20510

Dear Chairman Shelby:

Much recent public attention has been focused on mutual funds, and rightly so. Whether we consider their role in providing financial resources to fund business growth and development and job creation, or we consider their significant service in helping people invest for education, retirement, or other needs, mutual funds are financial intermediaries that occupy a major place in our national economy.

In view of their importance, we applaud efforts to strengthen and protect the trust in the integrity of mutual funds and to bring to justice those who have violated that trust. Such misdeeds harm investors while threatening the ability of mutual funds to fulfill their valuable economic mission.

As Congress considers this matter, we would urge you to keep a few key principles in mind:

- Criminals who use mutual funds to steal from investors or otherwise engage in fraud and misdeeds must be apprehended and punished promptly in order to preserve the integrity of these financial institutions and to preserve the trust placed in them.
- We should make sure that fees associated with mutual funds are fully subject to the competitive tests of the market place.
- Information and disclosure requirements should be designed to provide investors with real value rather than serve mainly to increase costs and decrease returns.

We appreciate your leadership and commitment to a strong and vibrant financial system that employs capital, through the intermediation of mutual funds and other financial institutions, efficiently and productively to promote economic growth and higher standards of living. We look forward to continuing to work with you in that effort.

Sincerely,

John W. Snow  
Secretary of the Treasury

Alan Greenspan  
Chairman  
Board of Governors of the  
Federal Reserve System



November 18, 2003

The Honorable Michael G. Oxley  
Chairman  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Oxley:

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