

THE WHITE HOUSE  
WASHINGTON

September 16, 1968

Mr. Manuel F. Cohen  
Chairman  
Securities and Exchange  
Commission  
Washington, D. C. 20549

Dear Mr. Chairman:

You fought the good fight on the Investment Company Amendments Act, and I wanted to express deep appreciation. I guess we can't win them all, but I must say your batting average is pretty good.

I thought you might appreciate seeing the press statement, to lay the ground work for next time.

Sincerely,

Betty Furness  
Special Assistant to the President  
For Consumer Affairs

Enclosure

“...we are all consumers...”

*President Johnson*

Press Contact:  
Eleanor Pollock  
395-3597

BETTY FURNESS CRITICAL OF HOUSE COMMERCE COMMITTEE  
ON INVESTMENT COMPANY AMENDMENTS ACT

“It takes money right out of the consumer’s pockets” said Betty Furness, Special Assistant to the President for Consumer Affairs, today in criticism of the House Commerce Committee action in failing to reverse the Subcommittee vote which killed the Investment Company Amendments Act.

“Today, more than five million consumers are mutual fund investors,” Miss Furness said, “many of them retired persons who seek to live on their investments, or families of modest means investing to educate their children, or build funds for their later retirement.”

“The present commission paid by the mutual fund customer is generally more than nine percent, which is much higher than the cost of buying other types of securities. The present front-end load permits the fund salesman to deduct most of his commission from the first year’s payment. Such deductions can, and do, frequently amount to 50 percent of the first year’s payment. If the investor drops out early he can lose 50 percent of his investment, or more, if the market goes down.”

“The bill, which President Johnson recommended in his Consumer Message of 1967, would have insured reasonable management fees, reduction in sales commissions, and a reduction of front-end loads in noncompetitive mutual fund investment charges,” she continued, “I regret that the Subcommittee and the full Committee were not willing to let the bill, which had already passed the Senate, go to the floor of the House so that all representatives could have voted.”