



SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

May 18, 1993

The Honorable John D. Dingell  
Chairman  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, D.C. 20515

CHAIRMAN'S OFFICE  
MAILED  
MAY 18 1993

Signed by ~~\_\_\_\_\_~~

Dear Chairman Dingell:

Thank you for your letter of April 21, 1993, and your inquiry regarding bank sales practices involving mutual funds. Your letter attached correspondence from one of your constituents alleging possible violations of the federal securities laws by banks in connection with the sale of mutual funds. As Chairman Breeden noted in his February 19, 1993, letter to you generally describing the applicability of the federal securities laws to banks involved in the sale of mutual fund and other securities, the Commission appreciates and shares your concerns in this area.

While I cannot comment specifically on Commission investigations into possible violations of the federal securities laws, you may be assured that we will carefully evaluate the information which you have provided in light of our overall responsibility under the federal securities laws. The Commission will not hesitate to enforce its basic antifraud rules, and other applicable SEC rules, including the mutual fund advertising rules, to protect investors purchasing mutual funds through banks.

Because of our mutual interest in maintaining the independence of the Commission's investigative and enforcement processes, I am not in a position to comment or to provide any further information on this matter. Commission policy generally prohibits comment concerning any particular matter that may be the subject of a Commission investigation or any enforcement recommendation which the staff might make to the Commission. In addition to protecting the privacy of individuals and entities whose activities are under investigation, this policy is designed to assure the integrity of the investigative process in appearance as well as in fact. (See generally, Securities and Exchange Commission v. Wheeling Pittsburgh Steel Corp., 482 F. Supp. 555 (W.D. Pa. 1979), vacated and remanded, 648 F.2d 118 (3d Cir. 1981)).

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Thank you for providing this information to us. If I may be of further assistance, please do not hesitate to contact the Commission or the staff.

Sincerely,

*Mary L. Schapiro*

Mary L. Schapiro  
Acting Chairman