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HAWAII MUTUAL FUND ASSOCIATION

P.O. BOX 1775 • HONOLULU, HAWAII 96802 • PHONE 253-564

February 1, 1967

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Representative Spark M. Matsunaga
Member of Congress
1321 Longworth Bldg.
Washington, D. C. 20515

Dear Representative Matsunaga:

On December 2nd, 1966 the Securities and Exchange Commission submitted to the House Committee on Interstate and Foreign Commerce, report #2337, entitled "Report of the Securities and Exchange Commission on the Public Policy Implications of Investment Company Growth."

After due consideration, we are convinced that the recommendations of this report, if enacted, would at least cut in half the gross income of countless small investment firms throughout the United States; it would destroy at least fourteen investment firms and eliminate the incomes of several hundred employees in the state of Hawaii.

In addition, it would effectively destroy the marketing structure of the 35 billion dollar mutual fund industry and thus reduce the funds to a status of impotence and eventual extermination. In our considered opinion, this report is so biased; so misleading; and so viciously destructive to the interests, not only of thousands of sincere, hard working investment people, but to the interests of millions of American investors both large and small, that it is incredible that a responsible agency of the government should issue such a document, or that the Congress, when apprised of the whole truth, should take it seriously.

It violates the S.E.C.'s own standards of honesty and full disclosure, and nullifies the American concept of free competition by attempted price fixing. It apparently is written on the theory that the reward of success should be extermination. It is a classic example of the horrible results that can accompany a rigid adherence to theory without regard to fact.

We are informed that legislation making the recommendations effective is to be introduced by Tuesday, February 7th.

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We urge, in the strongest terms, that you immediately contact the members of the above mentioned committee and any others who might possibly be influential in this matter and in turn urge that they use every means in their power to have this destructive report rejected in its entirety; and further that an investigation be made into the circumstances surrounding its preparation to determine how such a destructive and mendacious proposal could have been seriously proposed to the Congress.

We offer our assistance to you in gathering pertinent information or any other way you may request.

Sincerely yours,

HAWAII MUTUAL FUND ASSOCIATION



Hart D. Wood, President,

HDW/mf