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ROBERT U. FOSTER III
STAFF DIRECTOR

May 20, 2004

The Honorable William H. Donaldson
Chairman
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

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Re: Proposed Rule: Investment Company Governance (IC-26323)
(File No. S7-03-04)

Dear Chairman Donaldson:

On March 11, 2004, I urged you to adopt the Securities and Exchange Commission's Proposed Rule: Investment Company Governance (IC-26323). That letter affirmed my support for the proposal to require that mutual fund chairmen be independent from fund management companies. This proposal is one of the most significant of the Commission's initiatives aimed at protecting investors and enhancing mutual fund integrity.

I have been closely following the debate regarding this proposal. Noticing that few connections are being drawn between management-affiliated fund chairmen and the market-timing and late-trading scandals, I reviewed publicly available information to determine whether there is, in fact, any correlation.

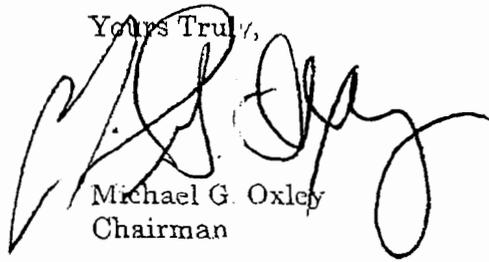
The statistics I uncovered are startling. Eighty-four percent of the mutual fund families implicated in the market timing and late trading scandals (sixteen of the nineteen mutual funds) have had management-affiliated chairmen at some point during the alleged or admitted violations. Notably, all but one of the management-affiliated chairmen was overseeing bank-based funds, which were required to have independent chairmen under the Glass-Steagall Act. If bank-based fund families are removed, 100 percent of the fund families implicated have had management-affiliated chairmen. Attached is a chart detailing the data, and I would ask that the Commission verify my findings.

I believe the Commission's independent chairman proposal would eradicate the self-dealing by interested, management-affiliated chairmen and its harmful effects on mutual fund shareholders. I urge the Commission to adopt, without amendment, the proposed rule.

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The Honorable William H. Donaldson
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Yours Truly,

A handwritten signature in black ink, appearing to read "Michael G. Oxley", is written over the typed name and title.

Michael G. Oxley
Chairman

cc: Commissioner Atkins
Commissioner Campos
Commissioner Glassman
Commissioner Goldschmidt

**INDEPENDENT CHAIRMEN vs. MANAGEMENT-AFFILIATED CHAIRMEN
OF MUTUAL FUNDS SUBJECT TO SETTLEMENTS, CHARGES, OR
ALLEGATIONS OF MARKET TIMING AND/OR LATE TRADING***

Non-Bank-Based Mutual Fund Families.

Fund Family	Number of Fund Company Independent Chairman/Chairmen During Occurrence of Market Timing and/or Late Trading	Number of Fund Company Management-Affiliated Chairman/Chairmen During Occurrence of Market Timing and/or Late Trading	Fund Management Company
Alger Fund Group		1	Alger Management, Inc.
AllianceBernstein Funds		1	Alliance Capital Management L.P.
Federated Funds		1	Federated Investment Management Company
Franklin Templeton Funds		1	Franklin Advisors, Inc.
Fremont Funds [†]		1	Fremont Investment Advisors, Inc.
Invesco Funds		1	Invesco Funds Group, Inc. [‡]
Janus Funds		1	Janus Capital Management, LLC
MFS Funds		1	Massachusetts Financial Services Co.
PBHG Funds		1	Pilgrim Baxter & Associates, Ltd.
PIMCO Funds: Multi-Manager Series PIMCO Funds: Pacific Investment Management Series		2	PEA Capital LLC and Pacific Advisers Fund Management LLC Pacific Investment Management Company LLC
Putnam Funds	1	1	Putnam Investment Management LLC
RS Investment Funds		1	RS Investment Management, L.P.
Seligman Funds		1	J. & W. Seligman & Co. Incorporated
Strong Funds		1	Strong Capital Management, Inc.

Bank-Based Mutual Fund Families.

Fund Family	Number of Fund Company Independent Chairman/Chairmen During Occurrence of Market Timing and/or Late Trading	Number of Fund Company Management-Affiliated Chairman/Chairmen During Occurrence of Market Timing and/or Late Trading	Fund Management Company
Columbia Funds	3	1	Columbia Management Advisors, Inc. and Columbia Wanger Asset Management
Excelsior Funds	1		United States Trust Company of New York and U.S. Trust Company
Nations Funds	1		Banc of America Advisors, LLC and Banc of America Capital Management, LLC
One Group Funds	1		Banc One Investment Advisors Corporation
Scudder Funds		1	Deutsche Asset Management, Inc. and Deutsche Asset Management Investment Services Limited

* This chart is based on data from public sources including Morningstar, Inc., SEC filings, press releases, and other documents; federal and state court filings; state regulators' press releases; SEC filings, press releases, letters, and web postings of registered investment companies and registered investment advisers and their affiliates.

[†] The last market timing arrangement was terminated in 2002 according to Fremont Investment Advisors, Inc. No date of commencement of the market timing arrangements was given. According to the SEC, an interested chairman stepped down in early 2001 and a new interested chairman was not elected until 2003.

[‡] A I M Advisors, Inc. is the new fund management company as of November 25, 2003.