bility that the litigation held up what would have been the normal flow, because as you can imagine, no lawyer wants to cut the fee when he has pending litigation challenging the fee itself. Not until the litigation was over could things go back to what would be the normal expected economic consequences.

Mr. KEITH. If you were counsel for Dreyfus Fund, would you recommend that they reduce their fee from one-half of 1 percent to something lower than that?

Mr. LOEFFLER. I would never have recommended to them that they do it voluntarily while the litigation was pending.

Mr. KEITH. That was some years ago.

Mr. LOEFFLER. No, sir; it was just settled recently and I think the settlement is pending on appeal today, but as to whether they should do it now or in the future is a subject which I will have to leave to counsel for Dreyfus Corp. I am not particularly familiar with their situation.

Mr. KEITH. They have stockholders in the management company and their loyalty is to the shareholders.

Mr. LOEFFLER. So does IDS, sir. We have over 14,000 public shareholders.

Mr. KEITH. Yes, and they would have to prove to their shareholders that they would get more fees by cutting that rate than the fees that they are now getting, in order to justify it.

Mr. LOEFFLER. I don't think it is——

Mr. KEITH. If you take the whole ball of wax and the cost of the load in order to get this operation into the market the really great benefits have been in the improvement in portfolio and investment policies.

Mr. LOEFFLER. Yes, sir.

Mr. KEITH. We are only talking about relatively small amounts it seems to me.

Mr. LOEFFLER. Yes, sir; that is very true. What we are talking about is——

Mr. KEITH. $10 or $15 perhaps per shareholder.

Mr. LOEFFLER. In our particular situation it is $3 a thousand per shareholder.

Mr. KEITH. Yes. Now you used the word "mutual" whereas most of the funds are not really mutual in the same sense that a mutual life insurance company is.

Mr. LOEFFLER. Yes, sir; that is true.

Mr. KEITH. Did you start out being a mutual literally?

Mr. LOEFFLER. No, sir; a mutual fund is really a term which refers to the portfolio only.

Mr. KEITH. Right.

Mr. LOEFFLER. To the portfolio only.

Mr. KEITH. It is to the mutual interest of the portfolio shareholders and the management company shareholders to have a good return, but their interests are sometimes capable of separation.

Mr. LOEFFLER. Yes, sir.

Mr. KEITH. Is there any State that has a law speaking to the point of a business calling itself a mutual when it isn't a mutual, do you know?