

I might also point out that termination of an M.I.P. account does not necessarily mean that the investor sells his accumulated shares. About two-thirds of the investors who terminate their M.I.P. accounts simply notify their brokers that they are discontinuing their monthly or quarterly payments and ask for delivery of the certificate. This is presumably added to the investor's long term holdings.

Let me again express my appreciation to yourself and to the Committee for your courtesy and interest during my appearance.

Cordially,

ROBERT W. HAACK,  
*President.*

Mr. KEITH. I realize that it is not your bailiwick, necessarily, and you are not an attorney, but perhaps Mr. Calvin could comment. Do you feel that the mutual funds function as a fiduciary, in essence?

Mr. CALVIN. The problem I have in answering that is that a fiduciary, the term "fiduciary," is a broad and often widely used term.

Mr. KEITH. Well, in the generally accepted sense of the law in the State of Massachusetts.

Mr. CALVIN. Well, I am not admitted to practice law in Massachusetts.

Mr. KEITH. Where did you go to law school?

Mr. CALVIN. University of Illinois.

Mr. KEITH. All right, in the State of Illinois.

Mr. CALVIN. In the State of Illinois—

Mr. KEITH. I understand that most States turn to Massachusetts for its law as pertains to trusts.

Mr. CALVIN. Well, in the case of a Massachusetts trust, I would say that my recollection, my law school recollection of law, is that under the Massachusetts trust I think the relationship is that of beneficiary fiduciary, but I wouldn't pose as an expert in that area.

Mr. KEITH. Would that account, perhaps, for an internally managed fund having a smaller advisory fee?

Mr. CALVIN. Again I would qualify the answer I am about to give is that I am really not an expert in this area, but it has been my understanding that that would not be the reason. But again I certainly am not an expert in trust law in Massachusetts.

Mr. KEITH. It has just been pointed out to me that we have, later on today, Mr. Milton H. Cohen, as a witness. He is representing Scudder, Stevens & Clark. I will ask him that question.

Mr. CALVIN. I would much appreciate that.

Mr. KEITH. I will reserve the other questions I had in mind for Mr. Haack.

Mr. MURPHY. Some States, Mr. Chairman, turn to Massachusetts for even more than this advice, Mr. Keith.

Mr. KEITH. I realize that. We have had a lot of presidents from Massachusetts.

Mr. HAACK. Mr. Chairman, may I request that we be able to leave the folder that you have with you and that I might also leave a couple of other memorandums with you?

Mr. MOSS. Yes.

Mr. HAACK. For your information and not particularly for the record.