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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

March 5, 2008

Mr. Niels Holch
Executive Director
Coalition of Mutual Fund Investors
400 North Capitol Street, N.W.
Washington, DC 20001

Dear Mr. Holch:

Thank you for your recent letter, and your suggestions for ways to improve the management of the Fair Funds program. I also appreciate knowing of your support for the SEC's creation of a new Office of Collections and Distributions to expedite the distribution of Fair Funds to injured investors.

Your letter specifically expresses concerns about the tax consequences for investors who receive payments under the Fair Funds program. While the SEC has worked with the Internal Revenue Service to achieve the most favorable tax treatment available under current law for Fair Funds payments, you write that your experience suggests that the IRS's current guidance has nevertheless resulted in significant administrative burdens on individual investors. To alleviate these burdens, your letter recommends changes to the tax laws that would allow Fair Funds payments to be treated as a non-taxable event to investors. I have taken the liberty of sharing a copy of your letter with Kristi Kaepplein, Director of the SEC's Office of Investor Education and Advocacy, and Dick D'Anna, Director of the SEC's Office of Collections and Distributions, so that they, too, might have the benefit of your thinking on this issue. I have also asked them to follow up with you so that the SEC might have the opportunity to explore your ideas in greater detail.

Thank you again for taking the time to share your thoughts with me, and thank you, too, for your commitment to ensuring the success of the SEC's Fair Funds program.

Sincerely,

A handwritten signature in cursive script that reads "Chris Cox".

Christopher Cox
Chairman