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The recently disclosed Securities and Exchange Commission proposal for restitution of market timing losses to MFS Investment Management investors does not dig deep enough to find out how each investor was affected, said the Coalition of Mutual Fund Investors. In an Oct. 16 comment letter, CMFI proposed an alternative that would pierce the veil of omnibus accounts for more information.

The implementation of a plan for market timing restitutions is placed, under the SEC's recent proposals, in the hands of an independent distribution consultant. For the MFS plan, CMFI suggested that the consultant ought to send a check to each intermediary responsible for an omnibus account and then have the intermediary calculate the amounts owed to shareholders and then make payments accordingly. "This...approach is dramatically different than other distribution plans," the letter said.

In proposed plans for Pilgrim Baxter and Columbia Management, the consultant is supposed to calculate and distribute the money based on identity and account information provided by the intermediaries.

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