

MEMO# 6135

August 16, 1994

RESPONSE TO NEGATIVE NEWS COVERAGE

August 16, 1994 TO: BOARD OF GOVERNORS NO. 77-94 MEMBERS - ONE PER COMPLEX NO. 57-94 PUBLIC INFORMATION COMMITTEE NO. 28-94 RE: Response to Negative News Coverage _____ Negative articles appearing last week in national media such as the New York Times and Wall Street Journal underscore what we have long anticipated. Our industry has arrived at the point where our growth and size is producing often critical news media scrutiny. This type of coverage illuminates the need to educate even more the news media about our industry, particularly with respect to the strong shareholder protections provided by the regulatory structure, and our industry's support for effective regulation and increased SEC resources. In response to this situation, the Institute intends to enhance our already substantial news media relations efforts by increasing our meetings with financial editors and writers; providing more mailings to the media of background papers on issues of current and possible future concern; and considering media educational seminars (that could be co-sponsored by journalism organizations). In addition, we are working closely with members of the Institute's Public Information Committee and other members to coordinate positive messages about the fund industry and speedy responses to negative situations. Most recently, we have responded directly to the more blatant situations, such as the front page series in last week's New York Times, which implied, without supporting evidence, that there are widespread serious problems in the fund industry. We expressed our concerns to the Times, stating that the front page placement, provocative headlines and distorted graphics created the impression of serious and widespread problems in the fund industry, whereas the text discussed a few isolated, mostly previously reported situations which did not justify the alarmist headlines. August 16, 1994 Page Two Maintaining the media's confidence in the integrity of the investment company industry is an important challenge requiring the best efforts of the Institute and all of its members. I would very much appreciate receiving your views on this subject. Matthew P. Fink President