

**MEMO# 6353**

November 3, 1994

## **COMPLAINT FILED AGAINST MONEY MARKET FUND AND AFFILIATED PARTIES**

November 3, 1994 TO: MONEY MARKET FUNDS AD HOC COMMITTEE NO. 19-94 SEC RULES MEMBERS NO. 80-94 RE: COMPLAINT FILED AGAINST MONEY MARKET FUND AND AFFILIATED PARTIES \_\_\_\_\_ A complaint was filed in the U.S. District Court for Central District of California by several shareholders against a money market fund that recently announced plans to liquidate and certain of its affiliated parties. Among other things, the plaintiffs, who have been advised that they will receive less than \$1 per share from the fund's liquidation, allege that certain shareholders had "inside" information regarding the financial condition of the fund and, therefore, were able to avoid any potential losses by redeeming their shares before the information became public and the fund announced plans to liquidate. The plaintiffs also allege that the fund's prospectus was misleading in that, among other things, it stated that the fund invests in safe, sound government-backed obligations only and did not disclose that the fund would invest in structured notes, "an investment vehicle known to be risky and an investment which is deemed by the SEC to be inappropriate for money market funds." A copy of the complaint is attached. Amy B.R. Lancellotta Associate Counsel Attachments

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