

Via E-mail



Date: January 8, 2007

Office of the Secretary
United States Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Admin. Proc. File No. 3-11814

To whom it may concern:

We believe that the Distribution Plan (“Plan”) for distribution of the Fair Fund established In the Matter of: Columbia Management Advisors, Inc. and Columbia Funds Distributor, Inc. has certain attributes which recognize the significant efforts required by financial intermediaries that maintain Retirement Accounts and Omnibus Accounts (hereinafter collectively referred to as “Account Carrying Firms”) in order to comply with and facilitate the Plan. These attributes include allowing Account Carrying Firms to credit distributions to contemporaneous beneficial owners’ accounts, rather than mail checks, recognition of the diminishing value of distributions below a de minimis amount when compared against the cost of making such distributions, reasonable time frames for the payment of distribution proceeds after receipt by the Account Carrying Firm, and a flexible time frame for the delivery of contemporaneous beneficial owner data. However, we believe several aspects of this Plan should be revisited, including; empowering the IDC to approve alternative distribution methodologies, repayment of out of pocket costs associated with the efforts of Account Carrying Firms related to the execution of the Plan, the extension of the limitation of liability to include Account Carrying Firms involved in the distribution of the Fair Fund, and the inclusion of provisions for certain protections related to the delivery of contemporaneous beneficial owner data by Account Carrying Firms. Certain capitalized terms used but not defined herein have the meanings ascribed to them in the Plan.

Distribution of Fair Fund:

The Plan provides Account Carrying Firms with three different options for effecting distributions to contemporaneous beneficial owners. Accordingly, the three options afforded to Account Carrying Firms in Section VII(B) (7.6)(c) of the Plan allow for the administration of the Fair Fund by enabling such firms to choose the level of involvement in the calculation of losses to contemporaneous beneficial owners and the method for making distributions to such contemporaneous owners. Accordingly, the Plan in its current form does not appear to provide the IDC with the flexibility to review and approve alternative methodologies for effecting distributions. For example, certain

Account Carrying Firms may elect to credit distribution amounts to open sub-accounts pursuant to the Plan, but have the Administrator make distributions to accounts that have been closed at Account Carrying Firms. Failure to provide additional flexibility to Account Carrying Firms when making distributions to contemporaneous beneficial owners may eliminate the ability of the Account Carrying Firms to select a solution that will be cost effective, expeditious and will best service their clients.

The Plan allows for the reasonable reimbursement of out of pocket costs associated with the gathering and supplying of the required data. Section VII (F) (7.18) of the Plan provides for the reimbursement of costs associated with the administration of the Plan. We believe the efforts of Account Carrying Firms and other servicing organizations associated with the distribution of assets to clients (not just the gathering and supplying of data) should be included within the meaning of the phrase “administration of the Plan” as used therein. However, the Plan may be unclear in this respect. We recommend that the Plan be revised to make clear that Account Carrying Firms and other servicing organizations, who will expend significant time and resources ensuring that their clients receive their portion of the Fair Fund, and who are not the respondents in this matter, are entitled to reimbursement for the costs of distributing the assets to clients and not just the costs of gathering and supplying the data.

Client impact / cost reduction:

Clients of Account Carrying Firms are accustomed to having cash proceeds credited to their accounts rather than receiving such cash proceeds by check. The Plan’s recognition of the account credit process will allow Account Carrying Firms to continue to service their clients’ accounts in a manner consistent with a process familiar to such clients and provides the added benefits of allowing clients the ability to view these distributions on a consolidated account statement and facilitating clients’ more immediate access to these distributions. In addition to these client benefits, crediting distributions to client accounts should reduce out-of-pocket costs associated with the printing, postage, handling and processing of checks.

The Plan set a de minimis threshold for crediting distributions to contemporaneous beneficial owners. Accordingly, distribution amounts below the de minimis threshold will be returned to the applicable fund. In addition, the Plan provides for all distributions to be returned to the applicable fund if such distribution amounts have been unallocated after 180 days. We believe these provisions reduce costs of administering the Fair Fund and appropriately protect long term shareholders of the impacted funds.

Acquiring Client Data:

The data requested by Columbia Funds encompasses multiple funds and covers an extended period of time. Accordingly, certain data may not be available if it exceeds record retention requirements. As such, we believe that the Plan should acknowledge that Account Carrying Firms are only expected to make commercially reasonable efforts to acquire data that exceeds applicable record retention requirements.

The Plan allows Account Carrying Firms 180 days from the receipt of the distribution proceeds to complete the payments to contemporaneous beneficial owners, and the Plan appears to provide flexibility regarding the delivery of the contemporaneous beneficial owners data to the IDC. We appreciate the Plan and the IDC recognizing the time involved in compiling data of this magnitude and the diversity of recordkeeping platforms and organizational capabilities of Account Carrying Firms. Account Carrying Firms are faced with the task of compiling this data for multiple plans filed by different IDCs for different respondents. There appears to be limited effort among such parties to standardize the individual data points, time frames for producing the data or the manner in which distributions should be made. Moreover, certain requests for data are being made prior to appropriate documentation being put in place to protect the privacy and integrity of such data and before the final elements of the data have been approved by the Securities and Exchange Commission, as set forth in the plans.

Limitation of Liability:

The Plan does not provide for a limitation on liability for any activities of any Account Carrying Firm related to activities required to execute this Plan. We believe that with respect to certain activities of Account Carrying Firms in facilitating the distributions in accordance with the Plan a limitation of liability is appropriate.

Data Privacy:

The Plan may require Account Carrying Firms to transmit a substantial amount of client sensitive information, including name, address and social security number, to non-affiliated entities whose data control procedures may not be comprehensive. The safeguarding of client data is mandated by Federal law and regulation, and many state laws govern financial institutions' handling of such client data. The transmission of client data exposes Account Carrying Firms to significant regulatory and reputation risks, if such data is disclosed or distributed in an unauthorized manner or otherwise mishandled. We respectfully request that the Plan be revised to provide for security and confidentiality obligations and indemnification of all Account Carrying Firms for any misuse or loss of client data which may occur as a result of the delivery of this data.

Very truly yours,

William Bridy
Managing Director
Merrill Lynch & Co., Inc.