

# News Release



U.S. Department of Labor  
Office of Public Affairs  
Washington, D.C.  
Release Number 04-207-NAT

For Immediate Release  
Date: Feb. 17, 2004  
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## **Labor Department Issues Guidance on Fiduciary Duties In Response to Mutual Fund Abuses**

**WASHINGTON**—Ann L. Combs, Assistant Secretary of the U.S. Department of Labor’s Employee Benefit Security Administration, (EBSA) today announced guidance on the duties of employee benefit plan fiduciaries in light of alleged abuses involving mutual funds.

The guidance addresses the obligations of fiduciaries to review their mutual fund and pooled investment fund investments with respect to reported and potential late trading and market-timing abuses. The guidance also provides examples of steps that fiduciaries can take to deal with market-timing concerns within their own plans without losing the protections of section 404 (c) of the Employee Retirement Income Security Act (ERISA.)

“Informed fiduciaries are in the best position to protect the retirement savings of America’s workers. Federal and state investigations of late trading and market-timing abuses involving mutual funds have raised a number of questions about what steps fiduciaries should take with respect to their plans’ mutual funds and similar types of investments. Today we are providing guidance to clarify these issues for the benefit community,” Combs said.

Combs also announced that EBSA is conducting reviews of mutual funds, similar pooled investment funds, and service providers to such funds to determine whether there have been any violations of ERISA. As with EBSA’s investigations involving corporate fraud and similar misconduct, these investigations are being coordinated with other Federal agencies through President Bush’s Corporate Fraud Task Force.

There are approximately 730,000 private sector pension and 401(k) plans, covering 102 million individuals, protected by the fiduciary responsibility provisions of ERISA. These plans hold more than \$1.1 trillion of assets invested in mutual funds and similar pooled investment vehicles, representing more than 30% of all pension plan investments.

The guidance is available on EBSA’s Website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa) under Compliance Assistance.

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