

Message from IDC Chair Mike Scofield about Jones v. Harris Decision

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On March 30, in a unanimous decision in *Jones v. Harris Associates*, the U.S. Supreme Court endorsed the current legal framework used by courts to assess claims of excessive fund advisory fees (commonly referred to as the *Gartenberg* framework). The Court recognized in its decision the central role that fund boards play in scrutinizing fund adviser compensation, and makes it clear that the law “does not call for judicial second-guessing of informed board decisions.” I am pleased that the Court reaffirmed the *Gartenberg* approach, which for nearly three decades has well served fund boards and the shareholders we represent.

IDC and ICI have prepared a [memorandum](#) providing more detail about the Court’s decision. IDC and ICI also hosted a special [one-day conference](#) on the *Jones v. Harris* case on April 14, 2010, in Washington, DC. The conference offered attendees a great opportunity to participate in discussions with industry leaders about this important case.

The *Jones v. Harris* case has brought attention to the important role of fund independent directors, and IDC has worked to promote better public understanding of what we do on behalf of fund shareholders. IDC’s *amicus curiae* (friend of the court) brief in the *Jones v. Harris* case provided an excellent description of the rigor with which directors approach their responsibilities. IDC also has posted on its [website](#) an [Overview](#) and a set of [Frequently Asked Questions About Mutual Fund Directors](#) that explain the role and responsibilities of fund directors. I encourage you to take a look at these helpful resources.