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### The mutual fund scandal: A day trading simulation (<https://scholarworks.uni.edu/cgi/viewcontent.cgi?article=1038&context=pst>)

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#### **Awards/Availability**

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#### **Keywords**

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#### **Abstract**

The 6.9 trillion dollar mutual fund industry has come under fire due to questionable practices conducted by mutual fund companies. Individual investors trying to diversify with a small amount of money have historically turned to mutual funds. Mutual funds were used as a safe vehicle for investors rather than buying thirty different stocks in order to diversify away unsystematic risk. The perception that mutual fund companies were acting in the best interests of individual investors has been challenged in the past year. Elliot Spitzer, the New York Attorney General, brought to light some illegal and highly questionable activities of mutual fund companies. These two activities are late trading, which is illegal, and day trading, which is not illegal but is discouraged in the mutual fund industry. This thesis will start out by focusing on the mutual fund scandal in general. Then it will focus on the day trading of international mutual funds followed by a hypothetical simulation to see how much money could have been made by day trading these funds. Finally, possible solutions to stem the practice of day trading will be explored.

#### **Date of Award**

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