

Investors Research Fund, Inc.  
Santa Barbara, California

The Secretary  
Securities and Exchange Commission  
Washington, D.C. 20549

Re: Release No. 8239 -- Proposed Regulations on give -ups and reciprocal.

Dear Sirs:

As requested, it is our comment that the Commission may give serious study to the consideration that, to the extent brokerage commissions are shared in any way with brokers and dealers who sell shares of a Fund there is a very direct and important benefit to the shareholders of the Fund.

Specifically, the Commission need but review the performance results of this Fund and of a much larger fund, One William Street Fund, during those years when each was operating with a continuous net negative cash flow, and compare those results with the performance of these same funds when each was operating with a net positive cash flow. During the years when redemptions exceeded sales of Fund shares in each of these funds (net negative cash flow) , the comparative performances of each were less than adequate. Subsequently, during the years when sales exceeded redemptions (net positive cash flow) comparative performance improved very materially; to the shareholders' direct, important and measurable benefit.

Mutual funds, like savings banks, insurance companies, even the United States Government, cannot long operate with a net negative cash flow. Eventually they must go bankrupt. Any bank with greater withdrawals than deposits will fail. Any insurance company with greater claims or cancellations of policies than premiums received will fail. Any government with greater disbursements than income must either ultimately fail, or print paper money and instruments of credit in excessive quantities.

In summary, it is our experience that to the extent the sharing of brokerage commissions with brokers and dealers produces sales to offset redemptions of a fund's shares, thereby providing a net positive cash flow, then that sharing of brokerage commissions through give-ups and reciprocal inures to the direct benefit of shareholders.

Ultimately every fund shall be judged by its comparative performance. It would seem to be in the shareholders' interests that such reasonable inducements as

may be found to produce a net positive cash flow may be encouraged by the Commission.

For the consideration of the Commission.

Respectfully submitted,

John Noble  
President

cc: All Directors

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