

April 7, 1972.

Mr. David R. Francis  
c/o The Christian Science Monitor  
One Norway Street  
Boston, Mass. 02115

Dear Sir:

I am sorry to have to write you anonymously in as much as the Security & Exchange Commission is autocratic in its bureaucratic comportment relative to Mutual Fund salesmen and their compensation, I can not risk my license in making an open protest.

The Mutual Fund Industry is essential to our Society as a vehicle to promote widespread ownership of the economy over the years through programs or systems ready available in various economical amounts. Society through this vehicle has a base upon which to husband its ownership of capital so as to make it grow over a period of time and become possessed of substantial estates of wealth in various degrees rather than continue drifting into a welfare dependency.

Widespread ownership is the very heart of the problem. Now to promote the idea of building capital for eventual income through a program or system of ownership under professional management, diversification, custodianship, dollar cost averaging in the fluctuations of values, require time and effort on the part of the salesman to instruct. His work starts with the preliminary prospecting, developing a continuing interest in the building of a capital program or system in financial planning, coaching the client in carrying through his program, explaining the tax angles in the planning, etc.

Selling financial planning is a little more involved than just taking an order for stocks. The sale requires long interviews to initiate an interest to buy (most often - small monthly programs) then there is the follow through after a sale to keep the client aware of his program's development. Reviewing philosophies of capital ownership in our society is part of the long range sales relationship. The time involved to acquaint and educate is performed by repeated calls and visits to the client mostly during the evening and night hours.

How are we to measure the standard of compensation due a man trained in this specialized field of financial planning for the average citizen's future financial independence. How important is he as compared to a customer's man with a get rich quick scheme and take your chances - who motivates in greed.

The Mutual Fund Industry developed a considerable clientele over the years - some 6,000,000 accounts - most of them are there because of the mutual fund salesmen; others were brought in on his coat tails through the so-called "no-load" funds. These funds operate in a non-ethical manner in competition with the salesmen. In part, they prey on his goodwill, promotion and hard labor in advancing the cause of the mutual fund vehicle. It is an unfair

practice in competition in as much as that market needs the specialized personal service that the nature of the product demands. It is unfair to the public itself to be led into the purchase without being properly prepared and guided. The avoidance of a commission should not be the baiting tool to attract the sale. Too many times salesmen have initiated an opening interest only to lose the client half prepared in financial planning to a "no-load" situation. In other instances, the prospect just gives up not knowing how in one instance there can be no commission whereas in another there is a commission. He would be all the more confused, if he were alerted to the "kick-backs" that some of these "no-load" funds arrange with salesmen at the expense of the investors in the fund. There the investor is sharing perpetually the expense of newcomers into the fund as long as he remains an investor in it. So really, it is not to the public's interest to have this conflicting situation and short change it in the specialized personal service required in investing for financial planning.

It is a malaise of the industry to have this difference which can only bring harm to it as well as to the public. I wonder if you can investigate the possibility of finding a violation of the Fair Trade Practice Acts or a breach in the fair labor laws that can be brought to the attention of everyone concerned so that the industry can be placed on a sound sales promotional footing to enhance the public's welfare in a fair and equitable way.

Very truly yours,

A salesman

CC: NASD  
SEC  
Weisenberger  
IDS  
Fidelity Mgmt