

Mr. KOSTMAYER. Oh, maybe \$7,000 a year, \$7,500 a year.

Mr. WATKINS. How do you get men at that price?

Mr. KOSTMAYER. It is difficult.

Mr. WATKINS. And part-time, they get about \$1,500?

Mr. KOSTMAYER. At the most, on the average.

Mr. WATKINS. That is on this basis here?

Mr. KOSTMAYER. Yes, sir.

Mr. WATKINS. That you are paying them now. What would they get if the SEC plan went in? How much would they make? You say you could not get them. I imagine if they are getting \$7,500 and \$1,500, you could not hire a man, could you?

Mr. KOSTMAYER. We could not hire a man and we could not retain our present career men, the men who make a living in the business, who stay with it.

Mr. WATKINS. That is the \$7,000 a year man?

Mr. KOSTMAYER. That is right. He could not possibly stay in the business.

Now it is conceivable that those who come and go in the night and to whom the income is less important might be able to remain in the business, but it would certainly destroy the core, the hard core of the retail sales organizations in this line of endeavor.

Mr. WATKINS. I think that is important, Mr. Chairman.

Mr. MOSS. So does the chairman.

Mr. WATKINS. I think it is important testimony.

Mr. MOSS. And if the gentleman would yield?

Mr. WATKINS. I yield.

Mr. MOSS. The chairman would point out that in the State of California, approximately 10 percent of the population of this Nation, without a front-end load, that it accounts for in excess of 20 percent of the sales of mutual funds, and I think most of these gentlemen have some affiliations that operate quite profitably in California.

Am I correct?

Mr. ROACH. Our sales organization does very well.

Mr. MOSS. Very well?

Mr. ROACH. They are very happy with California.

Mr. MOSS. That is correct, and so this is another example of the fact that you can do all sorts of things with statistics, and you can have some very interesting exercises, but to forecast that you are going out of business merely means that you would change the format of operation, not that you go out of business.

I have a great confidence in the ability of business to survive and to adapt, and I have been, in 20 years as a legislator, the recipient of advice on so many occasions that I can no longer count them, that if I cast my vote in a certain way I would be putting someone out of business, and looking back in retrospect, I do not know of a one that has gone out of business because of those votes.

Mr. KOSTMAYER. Mr. Chairman, let me restate my—pardon me, sir.

Mr. WATKINS. Go ahead.

Mr. KOSTMAYER. I wanted to restate my reply.

Mr. WATKINS. We are going to have a quorum call in a minute and we are all going to have to go.

Mr. KOSTMAYER. I did not mean to reply that the companies which are in this business will, as businesses, go out of business. I meant to say that the contractual plan portion of it would be destroyed.