

In my hometown one of the schoolteachers sells mutual funds, and makes \$1,500 to \$2,000 a year. She is known in the community. She is bright. And it supplements her income. So it would no longer be worth her while, with the contacts that she has, if she was going to get only 5 percent.

Mr. KOSTMAYER. Yes, that certainly is true.

Mr. KEITH. Thank you.

Mr. WATKINS. You are welcome.

Mr. Kostmayer, you said here 30 days in answering a question. I understood you to say that you would even go so far as 60 days you would give all the money back.

Mr. KOSTMAYER. Yes, sir; that is under a slightly different set of circumstances.

The 30-day right of refund is unconditional. It is simply an offer to the new purchaser. If that new purchaser is late in making his second payment, we feel that since he has embarked upon a program of 120 months that clearly this is the wrong vehicle for him. We ask him to get out and accept a refund in full.

Mr. WATKINS. Now just one other thing.

Contracts, in talking about insurance and you can answer this very probably, I do not think anybody understands an insurance contract. I consider myself normally intelligent. When you get through reading the fine print and everything that is written I wish the SEC would try to say something about that. Let them put in less words. I am confused and I think everybody in America is if he tries to read his own insurance policy.

Mr. KEITH. Trust your agent.

Mr. WATKINS. There is the question whether insurance salesmen are honest. I think all salesmen are honest until one goes crooked. My boys sometimes spread it on a little bit in the trucking business in truck sales and all, but any good firm always changes it when they come back.

I want to say in conclusion, because we do have to go I think, Mr. Chairman.

Mr. Moss. That is correct.

Mr. WATKINS. I want to thank Mr. Roach and Mr. Kostmayer and Mr. Day and you gentlemen for being here. Your testimony is most helpful and I am going to study it. My mind is not made up as to how I will vote or what will happen.

Mr. Moss is a great friend of mine, very persuasive, and so is my friend on the right here too. I do not know what I will do, but I appreciate your testimony. Thank you for coming in.

Mr. Chairman, may I be excused?

Mr. Moss. Yes, you may.

And I want to thank you gentlemen also.

(The following letter was received by the committee:)

ASSOCIATION OF MUTUAL FUND PLAN SPONSORS, INC.,
New York, N.Y., November 7, 1967.

HON. HASTINGS KEITH,
House of Representatives,
Washington, D.C.

DEAR MR. KEITH: I am pleased to reply on behalf of the Association of Mutual Fund Plan Sponsors, to questions numbers 8-10 contained in your letter of October 27, 1967. The following are our answers: