

Mr. Moss. You could engage in the very common practice of giveups you receive from your brokerage in order to stimulate a sales force or to enrich the amount that the sales organization, could you not?

Have you submitted a proposal to the SEC that they have rejected?

Mr. ALGER. They sent it back to the NASD.

Mr. Moss. For what, for comment?

Mr. ALGER. No, for approval. Then they will look at it if the NASD approves it.

Mr. Moss. But you said it is final and absolute.

Mr. ALGER. That is correct.

In other words, if the NASD disapproves it, then we have no right to go to the SEC with it.

Mr. Moss. I have no further questions.

Mr. Watkins?

Mr. WATKINS. None.

Mr. Moss. Thank you very much.

The next witness will be Mr. Edward B. Allen, Jr., secretary-treasurer of Allen, Rogers & Co., Inc.

You may proceed, sir.

**STATEMENT OF EDWARD B. ALLEN, JR., SECRETARY-TREASURER,
ALLEN, ROGERS & CO., INC.**

Mr. ALLEN. Thank you.

I would like to beg your indulgence and ask if you would move down in your thinking from the management fee, and the portfolio management, and the boards of directors of funds and so on, and come down with me if you will to the grassroots of this business, and talk more or less about the people end of it, that is those who are selling it.

Mr. Moss. We are very pleased to do that.

Mr. ALLEN. And those who are buying it.

Mr. Moss. All right, sir, we will be pleased to hear from you on that.

Mr. ALLEN. Perhaps I am the answer to Mr. Keith's question of a little while ago that it would be nice if we had a salesman here. I hope at least to some degree I qualify, Mr. Keith.

Our company is a relatively small dealer specializing in mutual funds. We do some business over the counter, pretty much unsolicited. We do some listed business through a listed firm, but primarily we deal in the hiring, training, and supervising of sales representatives, registered representatives who go out and contact the public and interest them in what mutual funds can do for them.

Approximately 75 percent of our business is in contractual plans, and the rest of it is in outright cash purchases and so-called open accounts or dividend reinvestment programs. Various funds use different terms.

We have seven offices in New Jersey, eastern Pennsylvania, and Delaware at the present time, and about upwards of 200 salesmen, between 200 and 250 registered representatives right at this point.

The firm started 6 years ago when my two partners and I were affiliated with another underwriting firm and sold funds for them before opening up our own shop.

The initial reaction of our representatives, and ourselves to a great degree, when the SEC proposals were first rumored and then actually