

be discriminatory against the smaller man who can only invest \$25 or \$50 a month.

Mr. MOSS. With all kindness, sir, I would suggest that you are leading yourself down a rose path that you shouldn't wander on, unless you have the statistical data to back it up, because you may find that the average sale there is no larger than it is out your way.

Mr. ALLEN. It would be mighty interesting.

Mr. MOSS. You may find that the average investor is being encouraged as much or more than out your way.

Mr. ALLEN. Possibly. I have never been to California, so I don't know.

Mr. MOSS. So I just would suggest that it would not be the act of greatest wisdom to go ahead and commit yourself too far along that path that we are only selling to the wealthy. I am not willing to concede that we have that mix of wealth in our population that would produce that phenomenon. There are other States I think with a higher income per capita than we have.

Mr. ALLEN. Well, from where I sit, in looking at our problem here, and what we would have to face, you ask me why this happens in California. My natural reaction would be that in order to make an adequate income, that a man would have to sell more. I don't know, if he doesn't—

Mr. MOSS. They might be better salesmen, isn't that right?

Mr. ALLEN. Possibly. I don't know, we haven't expanded as far as California, but we don't seem to find a great deal of difference between salesmen in say north Jersey and Delaware or Lancaster and Millville. Whether they are different in California or not I really couldn't say.

Mr. WATKINS. Mr. MOSS can't tell you much about those places, can you, Mr. MOSS?

Mr. MOSS. I have visited them, Mr. Watkins.

Mr. WATKINS. We want you to come down, too. We would like you to see more of them.

Mr. MOSS. I have enjoyed it too.

Mr. ALLEN. Well, we do feel that the elimination of the contractual plan would drive representatives and firms like ours out of business. I think it would also deprive a lot of average people from the service which is now being rendered to them, and in essence would ultimately hurt the very people that the SEC purports to protect.

It would seem somewhat discriminatory against smaller firms like ours, because whatever business, if we were to go out of business, whatever business would be sold in mutual funds, it would seem to me would go through the larger, wealthier firms who would perhaps sell it incidentally to their general brokerage business.

Mr. WATKINS. Do you sell life insurance in your firm?

Mr. ALLEN. Yes, we do. We have, I guess, about a third of our representatives who are life insurance salesmen also. This, of course, is one possibility that we have speculated on, and that is if this bill were enacted into law that we would have to go, this is one avenue, we would have to go into the life insurance business.