

Mr. JENNINGS. No, but I point out again that the mutual fund industry operates under really special legislation.

Mr. WATKINS. That as you know, Professor Jennings, you know that—regardless of whether you do or not in this bill, there is the matter of this fee. The SEC is setting this fee. I haven't received too much complaint about this bill, very little in fact other than on this one section.

Mr. JENNINGS. Not the advisers fee so much.

Mr. WATKINS. No.

Mr. JENNINGS. Well, I am sure that—

Mr. WATKINS. The biggest complaint is that we are going to put a lot of people out of business if we put this 5-percent fee on under which they say they can't operate.

And another thing, the SEC has the power to do it. I think somebody is certainly going to take that to court. Why do they pick this one industry to pick on? Why do they jump on them and let everybody else go? Now just as to my own thinking, you buy an insurance policy and you pay a year's premium on it, and with a life insurance policy what do you get back if you are not able to pay it off the second year? What happens to the first payment you make?

Mr. MOSS. The gentleman knows that the SEC—

Mr. WATKINS. I am just asking the question. Why don't you let me go on, Mr. Chairman? It is only going to be a second. This is a comparison here.

Mr. MOSS. The insurance industry is not subject to any regulatory action by the—

Mr. WATKINS. That is just what I am trying to get to, Mr. Chairman, and I want him to tell me—

Mr. MOSS. The question you asked is why does the SEC pick out this industry.

Mr. WATKINS. Right.

Mr. MOSS. It picks out the industry because it is charged by law with regulating this industry.

Mr. WATKINS. What happens to me, I will ask you if you don't want him to answer it, what happens to me if I purchase an insurance policy, a straight life policy, and I pay \$300 the first year?

Mr. MOSS. It depend on the laws of your State.

Mr. WATKINS. What happens in California?

Mr. MOSS. Well, I am not going to undertake to respond to that. This is not a committee on insurance.

Mr. WATKINS. I have had experiences that I know, not personally but I know of people who have paid the \$300 and if you didn't pay the second year he lost the fee.

Mr. MOSS. For the gentleman's information I have quite a number of letters up in my office which I shall be pleased to put in the record from buyers of mutual funds or shares complaining bitterly about sales charges and of the losses they have sustained not only when they have cashed out early, but as a result of the failure of the funds to perform as indicated. Now if the gentleman wants that material in the record, I will be most pleased to put it in.

Mr. WATKINS. Mr. Chairman, I would be delighted to have it in the record, because I don't have any such complaints.