

Mr. COHEN. They endorsed them all, sir.

Mr. WATKINS. I would like to see that.

Mr. COHEN. Yes, sir, we will provide it for the record. It is a resolution of the North American Securities Administrators, which consists of all the State administrators, all 50 of them, the administrators in the Canadian Provinces and the administrator in Mexico. (The following letter was received by the committee:)

SECURITIES AND EXCHANGE COMMISSION,
Washington, D.C., October 24, 1967.

HON. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In my testimony this morning, I mistakenly stated that the state securities administrators had adopted a resolution supporting the Commission's recommendations for amendment of the Investment Company Act. In fact, as I have been informed today by the President of the North American Securities Administrators, that Association has not taken any position on the proposed legislation.

The expression of support to which I should have referred was an editorial in the "Blue Sky News" for December 1966 by John K. Kyle, the then secretary of the NASA and for many years the distinguished securities administrator of the State of Wisconsin. The "Blue Sky News" is issued monthly by the NASA. I enclose for your information a copy of his editorial, entitled "Support the SEC Mutual Fund Recommendations."

I wish to express my apologies to the subcommittee for this misstatement.

Sincerely,

MANUEL F. COHEN, *Chairman.*

SUPPORT THE SEC MUTUAL FUND RECOMMENDATIONS

(An editorial by John K. Kyle, editor, Blue Sky News)

The comprehensive report and recommendations of the Securities and Exchange Commission for changes in mutual fund regulation have been sent to each administrator, in both summary and complete form. They have been covered extensively in the financial press. For this reason, we are not taking space in your own publication to repeat the information. We are, therefore, devoting what space is available this month for comments thereon.

North American Securities Administrators, as an organization, has had no opportunity to act as a body. There will be no such opportunity to act until the September meeting, except through committees or possible referenda. The views expressed in this editorial are necessarily those of the editor as an individual. Any contrary views, criticisms, or comments by administrators are invited, and will be given equal space in forthcoming issues of your publication.

I have indicated to the Securities and Exchange Commission that I am in accord with each of the recommendations. We, in Wisconsin, were especially pleased to note the proposal for legislation to do away with the so-called "front end" load, or to use an industry-coined term, "contractual plan." While only four or five states are currently without the "front end" type of sales commissions, we know that many administrators have had serious misgivings about them. They have been accepted in many states only because of an unrelenting campaign for them by those who prosper from their sales. There is no issue which has come before the Wisconsin department, during my term, which has generated more pressure, ranging from charming persuasion to blustering near threats. These plans are unfair and inequitable, both to those unfortunates who find it necessary to discontinue investments before completing their programs, and to those who do continue making their payments until the end. The former lose up to half of the money they invest. The latter suffer from having only half of their money going into their investments, "in shares of American industry" during the early years. That lack of early investment of a substantial portion of their investments continues to handicap the results sought to be obtained from these programs.

Reports in the Wall Street Journal, in the first issue following publication of the report indicate that various industry groups had already moved to