

and not Wall Street or a few large firms headquartered in New York City. I have been in the investment business in Seattle for 34 years and our firm employs 7 to 10 people. We are engaged in helping public investors with their investment problems and in the important task of providing capital for American industry, particularly the smaller local businesses. Mutual funds are a very important part of our work. They have done a fine job for many years for all of our customers who own them.

The S.E.C. has in general done a good job of regulation in the securities industry. However, in this proposal it is attempting to establish, by legislation, compensation ceilings in a very competitive industry. Our industry is not a public utility, a light, water or gas business enjoying a monopoly market. There are some 250 mutual funds available for an investor, some of them with no sales charge. There are numerous broker-dealers through which he can buy them.

Why is it necessary for the S.E.C. to ignore the forces of free competition which have been so successful in American business thus far? The proposed ceilings would, according to careful N.A.S.D. research, force many of the smaller firms in the securities industry out of business and severely curtail the income of most of the industry. The health of small business is of vital importance to the economic well being of the entire country.

There are many severe problems facing Congress and our nation today. Why is this legislation regulating and curtailing mutual fund sales compensation in a very competitive industry and which would injure so many smaller firms, really necessary?

Yours very truly,

MARTIN O. NELSON.

MILITARY ASSOCIATES, INC.,
Little Rock, Ark., October 9, 1967.

Re: H.R. 9510 and 9511.
Hon. JOHN E. MOSS,
House Office Building,
Washington, D.C.

DEAR MR. MOSS: I wish to add my protest to the storm of other protests I have heard throughout the Nation to an effort on the part of the Securities Exchange Commission to reduce or tamper with in any way the commission structure of mutual fund sales.

I understand by hearsay. (an article in Fortune Magazine) that this entire study was instigated and the proposals made at the behest of an employee of the SEC who is or has been a college professor. I suggest that this gentleman has probably never managed a sales organization and has never been confronted with the staggering expense of training, managing and financing the proper caliber of men in a business such as this.

I am head of one of the largest insurance sales organizations in the Nation. We also sell mutual funds through various broker-dealers with whom my men are individually licensed. We do business in over twenty states from California to Florida.

It is a known fact that insurance agencies such as ours and many insurance companies spend many thousands of dollars in training a successful man and bringing him into his full capacity in this work. The sale of insurance and the sale of mutual funds is, under the best of circumstances, a difficult job. People do not voluntarily make investments nor do they voluntarily buy life insurance. It must be sold.

We think mutual funds are the poor man's or the average man-in-the-street's, only workable medium of investment. It has been this flow of money into the market which has given it the support it needed, the lack of which may have resulted in a run on the market with ensuing disastrous results.

It has long been my observation that the mutual funds industry has some of the most poorly trained and poorly managed salesmen of any part of the finance industry in the Nation. I have known many of these people and it is only those who are associated with the big houses such as Merrill, Lynch and Dean Witter that you see the unusually high class, well trained man. I suspect that much of this is due to the present difficulty and expense involved in hiring and training men. If you comply with the desires of the SEC you will succeed in putting many small people out of business. You will make it impossible to hire and train and