

W O O D A R D

4538 - 117

Don Woodard, CLU
Blake Woodard, CLU

June 14, 2007

Commissioner Raul Campos
SEC Headquarters
100 F. Street NE
Washington, DC 20549

Re: File #4-538 (Rule 12b-1)

Dear Commissioner Campos:

Please enter this letter in the June 19, 2007, Roundtable regarding Rule 12b-1. I am a Chartered Financial Consultant, Chartered Life Underwriter, and registered representative whose practice focuses on investment and insurance planning for individuals in the Fort Worth area. My investment planning involves cash flow needs analysis, asset allocation, specific investment selection, and periodic monitoring, adjusting, and re-balancing of investments on a quarterly or annual basis. The primary source of my securities compensation is a 1.0% annual trail (12b-1 fee) on mutual fund C-shares.

Although there has been much negative commentary recently about 12b-1 fees, 12b-1 fees are not the problem. Up-front sales loads are the problem. The SEC should encourage 12b-1 fees, or some other form of levelized compensation, to ensure that the investment professional's interests are aligned with the investor's interests. Levelized compensation ensures that:

- Investment professionals are paid as they provide services over the years, rather than upfront, and are therefore incented to provide excellent service to retain clients for many years.
- Clients do not sink up-front sales loads in investment professionals who later provide poor service but instead can "fire" their investment professionals at any time and move their assets to another professional who will be paid for his or her ongoing services.

My experience shows that poor investment professionals invariably sell A-shares, which pay them the maximum compensation up-front. It is the better professionals who have enough confidence in their ongoing services that they will

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File #4-538
Comments for SEC 12b-1 Roundtable
June 14, 2007
Page 2

sell investment products with low up-front compensation and more substantial 12b-1 fees. Our firm frequently takes over accounts where an investment professional has charged up-front sales loads, never to be heard from again.

Our periodic reviews for clients consist of customized Word or PowerPoint presentations, some with up to 40 slides. Adding the client meetings, documentation of the meetings, trades, and compliance, a typical client relationship can take 20 hours per year to maintain. I wish to be paid a fair compensation for my ongoing service, and C-shares are an efficient way to balance my services with my compensation.

I clearly disclose to my clients that they are paying my broker-dealer a 1.0% annual commission. I tell them that if they are not happy with my services, they can fire me and choose from a long list of professionals who will be happy to take over the account.

I am not an investment advisor representative, although as a ChFC I would be exempt from the IA exam. If the SEC decides to eliminate or materially restrict 12b-1 fees, I will apply for an investment advisor representative license. Instead of having no-transaction-fee direct accounts with mutual fund companies, my clients then will have a brokerage account, which may charge them transaction fees and/or annual maintenance fees. In addition, they will pay my 1.0% annual fee through quarterly deductions from their brokerage accounts, so their total costs may be higher than with C-share 12b-1 fees.

Commissioner Campos, thank you for considering my views in your discussion and research on Rule 12b-1. Please call me with your questions at 800-877-4406.

Respectfully,



William Blakley (Blake) Woodard

cc:
Chairman Christopher Cox ✓
Commissioner Paul Atkins
Commissioner Annette Nazareth
Commissioner Kathleen Casey

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