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OFFICE OF THE SECRETARY

Friday, July 06, 2007

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: SEC Review of Rule 12b-1

Dear Ms. Morris:

I am writing to express my concerns about the SEC's ongoing review of Rule 12b-1. Last October of 2006, I entered my 41st year in the financial services business. We have amassed a large clientele of people of all income levels and professions. My son joined my practice nine years ago. We have a total of five members in our firm. We often average four to six conferences per day dealing with all forms of family financial and non-financial issues. Many of these conferences do not generate new investment business. Yet, these conferences are necessary to discover areas that need updating or changes, i.e. estate planning and trust document changes, cash flow issues, and retirement planning, just to mention a few. Our files are thick with detailed notes about each visit. Our clients are also well aware of how we are compensated because we calculate in actual dollar terms the method by which we are logging our time with them. We explain the 12b-1 fee and calculate that fee in dollars. It is not uncommon for a client to say, "Is that all my account is generating for you?" In other words, our clients are well informed.

Middle class Americans need the continuing service, guidance and support that are provided by independent financial advisors to achieve their stated investment goals. 12b-1 fees provide a tax efficient means to support the continuing service which these clients require for successful investing. The benefits of 12b-1 fees are numerous and include:

•Expanding Investor Choice - The multiple share classes made possible by Rule 12b-1 give investors choices by providing them with options in how they pay their financial advisor. The flexibility offered by Rule 12b-1 allows financial advisors to tailor a portfolio to their client's specific needs.

•Supporting Financial Literacy - Mutual funds send their investors monthly statements, confirmations, prospectuses, annual reports, and other materials. Financial advisors serve the vital role of educators by helping investors to make sense of these essential materials. 12b-1 fees are the compensation financial advisors receive for these efforts.

•Managing Client Expectations - We all know the common mistakes investors make; buying high and selling low, chasing past performance and harboring unrealistic expectations. 12b-1 fees provide financial advisors with compensation to manage their client's expectations and protect them from falling into these common investor traps.

•Insuring Small Accounts Receive Service - Investment advisory services are simply out of the reach of many small account holders. We regularly are asked by our clients to work with their newly married children who are just beginning to make investments, buy homes, and pay off school loans and other debts. On the other side of the life cycle, our clients will ask us to help with the financial affairs of their aging parents who often times have minimal assets. It would be unconscionable for us to tell them, "No, we can't take the time to service these other family members." Financial advisors must have another means of being fairly compensated for servicing these accounts. 12b-1 fees provide the mechanism to insure small investors receive the support and service they need to achieve their financial goals.

•Subsidizing Additional Services - Independent financial advisors offer their mutual fund clients a variety of additional services including: consolidated account statements, periodic portfolio review meetings, quarterly newsletters, cost basis research, preparation of tax returns, and consulting on other financial decisions. These important services are made possible by the subsidy 12b-1 fees provide.

In conclusion, while it is reasonable to review the investor benefits of 12b-1 fees, it is obvious that the repeal of 12b-1 has the potential to cause great harm to thousands of individual investors who need the support and service of a trained financial advisor. As a result, I urge the SEC to allow Rule 12b-1 to continue to support my efforts to provide needed financial services to middle class American investors pursuing the financial goals.

Sincerely,

Darrell N. J. Norling
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