

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 deep concern about the SEC's ongoing review of Rule 12b-1. Middle class Americans need the continuing service, guidance and support that are provided by independent financial advisors at VSR to achieve their stated investment goals.

I have seen remarks that the fees are not being used for the purpose they were intended. I can tell you plainly that, if the fees are eliminated, my reps will not provide any ongoing service to their mutual fund and variable annuity clients and instead, recommend other investments like seperately managed accounts (SMA) in order to charge an annual ongoing fee.

Those clients without funds for a SMA will be dropped. Eliminating 12b-1 fees amounts to causing most financial professionals--who will not work for free--to stop working with the very people who need them most, the small and medium-sized investment public.

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 this common investor traps.

•Insuring Small Accounts Receive Service - Investment advisory services are simply out of the reach of many small account holders. 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.

If the SEC is serious about its mission to help the investment public, then it will continue 12b-1 fees in order to allow financial advisors to continue to be paid for the work they continue to do. As someone once said, "if it ain't broke, don't fix it."

Sincerely,



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cc: Mr. Chris Radford, President