

Sent: Monday, July 23, 2007 12:49 AM

To: IMOCC

Subject: Andrew Donahue's recent comments regarding 12(b)1 Fees

4538 - 428

I really hope this message gets to Andrew Donahue, the Director of SEC Division of Investment Management. FSI just told us of his recent comments relating 12(b)1 fees to "a substitute for a sales load".

I have been a RR since 1983. In 1985 I formed THEBEAU-KELLY, INC. as an RIA. I kept the business small with just me and one full-time invaluable associate so I would not end up having to manage the "business" per se rather than focus on clients and the world of investments.. I applaud your efforts to clean up many practices in the securities field in which client interests are not a priority.

Most of our new business is fee-based so there are no 12(b)1 issues. Any such fees are rebated by our broker dealer (Royal Alliance) to the client.

We have over 100 clients who are not fee based. Most of them have several mutual funds with us as the RR.

Misuse of 12(b)1 fees should be gotten rid of. However 12(b)1 fees on Class A shares are a necessary source of income to enable us to handle ongoing servicing of client accounts and answering their multitude of questions about the world of personal finance. We have something over \$20 million in "A" shares and most of the accounts are at least ten years old with many dating back to 1983.

We have about 20 VA contracts for selected clients. In general, I do not like them because of the hidden significant fees and the conversion of capital gains to ordinary income. The wide use of these contracts is designed to dramatically increase RR's earnings. I am sure God has a special place for these RR's who put client interest well below their own.

We have never sold a "B" or a "C" share. Our calculations indicate the client is better off over the long with the "A" shares. The best reason (we believe) to use these classes is to enhance the RR's earnings.

I would love to be able to meet with your people and appropriate congressional committees to explain to them the value to clients of the 25 basis points they incur to be able to have access to us and our many services.

I doubt anyone reads this nor really cares what little people like me think. I just wanted to try to get my \$.02 in. "It is better to light a candle than to curse the darkness".

7/24/2007