TWIN RIVERS
PAPER COMPANY

August 10, 2015

Secretary Brent J. Fields
Securities and Exchange Commission
100 F Street Northeast
Washington, DC 20549-1090

**Re: Investment Company Reporting Modernization Proposed Rule; Release Numbers 33-9776; 34-75002; IC-31610; File number S7-08-15**

Dear Secretary Fields:

Thank you for the opportunity to submit comments on the Securities and Exchange Commission's proposed rule 30e-3 - Investment Company Reporting Modernization.

On behalf of the more than 1,000 men and women employed at the Twin Rivers Paper Company, where I serve as the President, I am writing to express my strong opposition to the proposed rule which eliminates the current default requirement for mutual fund providers to supply investor information via paper. Twin Rivers is one of the largest employers in Maine with over 500 full-time equivalent jobs, providing an average annual salary package valued in excess of $83,000 and an economic output of over $1 billion per year. In its proposed new Rule 30e-3, the SEC has chosen to address fundamental policy questions with regard to investor protection and the method of delivering and disclosing important investor information. As we understand it, the proposed rule would permit mutual funds to satisfy shareholder report requirements by making shareholder annual and semi-annual reports available only on line.

Further, the proposed rule shifts the burden and costs on to investors by requiring them to "opt in" to paper delivery of these important documents…and that the failure to affirmatively opt-in to continue receiving printed materials will result in "implied consent" for E-delivery. The proposed "implied consent" to E-delivery ignores studies indicating that investors prefer printed communications to electronic versions and constitutes an unnecessary regulatory intervention.

While we recognize the initial attractiveness of E-delivery, the realities of communicating important financial investor information within a digital regime requires a coherent strategy to address the many unavoidable externalities. Furthermore, we seek to impress upon the SEC the availability of credible information that supports the conclusion that printed materials yield higher content comprehension than online materials, and that a large scale elimination of printed shareholder information presents a number of potentially serious, if unintended risks to investors, particularly seniors and minority groups. A case can potentially be made that enacting the proposed rule discriminates against the elderly and those in rural populations where access to and regular use of the internet is disproportionately low.

Printed shareholder investor information is tried and true and represents the most reliable modality for the secure delivery of this important information from mutual funds to the investing public. The SEC has failed to present any meaningful data or argument that the current paper default system has in any way

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failed fund investors. The reality is, paper does not fail. The same, however, cannot be said for the Internet.

In fact, *USA Today* recently reported that our nation's power grid is struck by a cyber or physical attack once every four days.[1] And even in fair weather and blue skies, millions of people in the United States lack access to advanced internet. The Federal Communications Commission's 2015 Broadband Progress Report found that 55 million Americans still lack access to advanced broadband Internet.[2]

Families in rural areas are particularly vulnerable and their plight has not earned attention from the SEC as evidenced by this proposed rule. The negative impact of this rule is national in scope, and while the rule will impact all investors in mutual funds, seniors and minority communities are likely to suffer most.

After the nightmare of the meltdown in 2007 where millions of shareholders watched their holdings evaporate, Wall Street must remain accountable with paper statements and printed information. To propose altering a tried and true system which works through an "implied consent" regime is totally unacceptable.

The Commission's stated purpose of enabling investors to choose electronic delivery while preserving the ability of investors to receive documents in paper form is already met by the existing policy.

The Commission states that its purpose is to propose a rule that would permit the website transmission of fund shareholder reports, while maintaining the ability of shareholders who prefer to receive reports in paper to receive reports in that form. But current rules already allow for electronic delivery where investors prefer to receive disclosures electronically, and only a small percentage of investors today have exercised the right to do just that, clearly indicating that paper is the preferred method of delivery.

The Commission has provided no evidence indicating or even suggesting that current rules in any way prevent investors who prefer to receive disclosures electronically from doing so. The SEC has failed to establish that the rule is necessary, and has made no attempt to demonstrate that the current system is inadequate and needs to be replaced. The failure to provide any reasonable justification for the rule is also troubling given the fact that the Commission's own analysis suggests that any cost savings resulting from the rule would be negligible.

Under Executive Orders 12866 and 13563, "agencies should promulgate only such regulations as are required by law, are necessary to interpret the law, or are made necessary by <u>compelling</u> public need, such as material failures of private markets to protect or improve the health and safety of the public, the environment, or the well-being of the American people". The SEC's proposal fails this fundamental test.

We have not yet reached the point in this country where a sufficient percentage of investors prefer to receive disclosures electronically to justify a default to electronic delivery. While that day may eventually come, a premature move to electronic delivery based on "<u>implied" consent</u> ensures that fewer investors will receive and review the important disclosures these documents are intended to provide.

Twin Rivers Paper Company joins the Consumer Federation of America, the National Consumers League, Consumers for Paper Options, Consumer Action, and the hundreds of individual citizens who have filed comments in opposition to this rule, and urges the SEC to withdraw its proposed rule as soon as possible.

[1] Bracing for a big power grid attack: 'One is too many,' *USA Today*. March 24, 2015.
[2] 2015 Broadband Progress Report, FCC

Congress is accountable to the citizens at a national level and therefore Congress is the proper place for contemplating the proposed change. The implications of changing national policy at this scale are too significant to cope with anywhere except in Congress. Any incremental benefit to be obtained by the implementation of this proposed rule can be fully realized by maintaining the current paper default/ E-delivery opt-in system where paper delivers for America.

I therefore strongly urge the Commission to withdraw proposed Rule 30e-3.

Thank you for your consideration.

Sincerely,

Ken Winterhalter
President, Twin Rivers Paper Company