

To Whom It May Concern:

I have been a licensed insurance agent and registered representative for 23yrs. I understand the concern due to the recent economic problems that we all want to reevaluate how the financial industry conducts business. We all want to what is in the best interest of the public. For the most part I agree with changes to rename the fees associated with mutual funds to clarify those expenses. However, I do object to the proposal to issue a new class of funds in order to allow the broker dealers to set sales charges and fees. In theory, it should benefit everyone no matter the how large or small their account may be. In the real world of finance that is never how it works. We already have wrapped fee accounts that charge 1% to 2% to manage the account whether its mutual funds, stocks or whatever. Most mutual fund companies already offer a share class with lower fees for wrap accounts. My personal observation when I get a referral and they have a wrap account is the people with the large accounts have the lower fees and the people with the small accounts have the higher fees. And not coincidentally, the smaller accounts usually receive minimal or no service and lower returns due to the higher fees. My clients I believe are a reflection of who you really want to help. 80% of my clients have accounts between \$10,000 to \$75,000. Only 20% of my clients have accounts exceeding \$100,000. What they appreciate about my service to them is that I monitor their accounts, call and meet regularly and I give advice based on their needs and objectives. The group of people who have these smaller accounts are the fastest growing segment due to layoffs and downsizing. These people have done of good job of saving money in their 401k, suddenly find themselves out of work and not getting the advice and assistance they need, because the big brokerage firms want the big accounts. And even if they choose the big brokerage they usually get assigned to a new advisor with minimal experience who will also probably be gone within a year or less based on industry statistics. And one last point. Almost 95% of the time the asset allocation and funds chosen were from a computer generated platform. That is the real world.

For 80% of my clients, fee based wrap accounts would be detrimental to the growth of their investments due to higher fees and minimal or no service. I would of course continue to give the level of service I do now, but I would be hard pressed to provide similar growth as today due to increased fees.

One last point. In 23yrs I have never written a letter about any subject to any governing agency at any level, state or federal. That is how strongly I feel about this proposal. The small investor will receive the least amount of service and the highest fees if this proposal were to be put into place. Thank-you, sincerely,

John W. (Jack) Hildebrand
Registered Representative

Phoenix Financial, Incorporated