



# CAMPBELL

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September 30, 2010

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OCT 04 2010  
OFFICE OF THE SECRETARY

57-15-10

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OCT 04 2010  
OFFICE OF THE SECRETARY

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

RE: Proposed Changes in 12B-1

Dear Ms. Murphy:

I am writing in response to the proposed change in the 12B-1 Fee that is charged to investors.

I have been Series 6 or 7 licensed since 1984. I also have a Series 66 which allows me to charge fees in lieu of commissions. I cannot speak for other financial advisors, but I am very disturbed by the rationalization behind the proposed changes.

As I understand it, the SEC feels eliminating or altering the 12B-1 fee would help investors by lowering their cost of investing. I could not disagree more with this assertion.

On an annual basis, I have at least 900 – 1000 appointments with over 300 clients. These appointments are for the most part service appointments or investment review appointments.

Ironically, many of these appointments are with older clients, and many are with clients who have assets of under \$50,000. These appointments average an hour in duration and over my 26 years being securities licensed, I have never billed my clients for this valuable service I provide.

Securities offered through Securities America, Inc., Member FINRA/SIPC Stephen J. Campbell, Registered Representative. Advisory services offered through Securities America Advisors, Inc., Stephen J. Campbell Investment Advisor Representative. Campbell Financial Services and Securities America are separate entities.

**Physical address for Overnight Delivery Only:** 1904 Jefferson Hwy, Fishersville, VA 22939

In addition, value added service my office provides includes the following:

- Quarterly Newsletters sent to over 600 clients
- Investor Educational Workshops
- Quarterly Performance Reports sent to over 300 clients
- 3 full-time service staff who provide first class service
- As I see it, if the 12B-1 Fee were to drop (on c shares) from 1.00% to 0.25% after the 5<sup>th</sup> year, my income would fall by 75%. So, if I were to convert my clients to a fee-based structure, I could do that, but my clients' cost to invest yearly would rise by at least 25% - 30% per year.

Example:

C Shares Annual Expense:	1.50% – 2.00%
versus	
Fee-Based Fees to Advisor:	1.25%
Plus typical fund charges:	+ 1.00%
	<u>2.25%</u>

But what **would** be done for smaller clients? You tell me. If I lose 75% of my reoccurring income, would I continue to offer world class service or go to a pay as you go service? My small clients lose.

I'm sure many advisors are overpaid, but I'm not. My office truly serves our clients and the income paid to me through the 12B-1 is a reasonable alternative to a fee for service.

I agree that disclosure could solve the issue of fees. And my clients realize that they do pay a higher fee under Class C, but I am asked by my clients, "How can I provide such good service?" The C shares provide the income that allows me and my staff to offer such valuable service.

Last, from 09/15/08 to 03/15/09, I saw over 30 people a week, providing educational lessons on how investments work, crisis control, etc. During

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that 6-month period, new investments **ceased**, yet my staff and I worked overtime, including Saturday appointments, What would happen if the 12B-1 were eliminated or severely altered? Could me or any other financial advisor afford to provide any service and stay in business?

I urge you to reconsider changing the 12B-1 Rule. The people who will be hurt the most will be people you want to protect.

Please feel free to call me if I can help offer sincere advice in this matter.

Sincerely,

CAMPBELL FINANCIAL SERVICES

A handwritten signature in black ink, appearing to read "Stephen J. Campbell", written in a cursive style.

Stephen J. Campbell

SJC/rsc