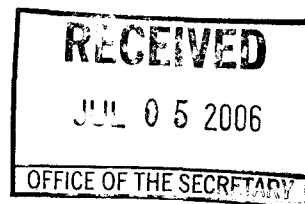


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June 27, 2006

Ms. Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-0609

Comments on S7-03-04
Investment Company Governance

Dear Ms. Morris,

I am writing to comment on S7-03-04, the proposed new Rule concerning Investment Company governance; that Rule would require that the chairman and three-quarters of the directors of a mutual fund be independent of management.

For the reasons stated below, I suggest that the proposed Rule, if adopted, would have no effect on mutual fund governance.

Beginning in 1959, and for many years thereafter, I represented mutual fund shareholders in derivative cases aimed, primarily, at reducing the advisory fee. When I began every mutual fund was charged a flat advisory fee of 1/2 of 1 % no matter the size of the fund, never reduced no matter how large the fund's assets grew. When I would ask an "independent" director (in his deposition) if he had ever considered reducing the advisory fee to, for instance, 49/100ths of 1% for assets in excess of \$500 million, not one "independent" director had ever given such an idea a thought.


I took the depositions of scores and scores of "independent" directors during the course of my career and I never uncovered one "independent" director who had ever voted against any management fee proposal (whether the bloated advisory fee, the bloated 12b-1 fee, or the bloated, confiscatory front-end load),

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I would be amazed, truly amazed, if the SEC ever found one "independent" mutual fund director who had ever voted against any management fee proposal.

The idea of an "independent" mutual fund director is not just a fiction; it is a farce. No public policy is served by having even more mannequins on a mutual fund board. A Rule that would provide for real directors...now that would be real progress.

Respectfully submitted,

A handwritten signature in cursive script that reads "Mordecai Rosenfeld". The signature is written in black ink and is positioned above the printed name.

Mordecai Rosenfeld

P.S. I graduated from Brown in 1951 and from Yale Law School in 1954. I was a member of the New York Bar from 1954 until I retired from the law in 1993. For almost my entire career I was a solo practitioner in Manhattan. I was a director of the New York County Lawyers Association, and served as chairman of the Federal Courts and Library committees. In 1989 I was invited to give the Law Day speech before the Delaware State Bar Association. I have published several hundred literary essays on the law, and many of them have been published in two collections- *The Lament of the Single Practitioner* (University of Georgia Press); and *A Backhanded View of the Law* (Ox Bow Press).