

March 31, 2005

Jonathan G Katz, Secretary
Securities and Exchange Commission
450 Fifth St, NW
Washington, DC 20549-0609

Mr. Katz,

I have utmost respect for the job the SEC is doing for investors. I think unscrupulous brokers and companies should be discovered and penalized.

I also think good and honest brokers and their clients are being inundated with unnecessary forms and requirements to protect people from themselves, their investors, their investment counselor and investment companies. For example: I just met with a client and he placed more money with me in his investment account. Because he wanted a different beneficiary on this account, I had to create a new account for him. We had to complete a six page application, a three page suitability document, a prospectus receipt, a mutual fund break point document and another form required by my broker-dealer. I had to give the client a six page master account agreement, a sixty page prospectus and photocopies of everything they signed. This was a very basic account. Add another fifteen pages of documents if the client was opening an IRA. Add ten if this was a trust account.

Unfortunately opening an account has become similar to buying a house. Many people who should be investing, who need to be investing, who the governments needs them to get invested to help pay for their own retirement or child's college education, simply won't invest because it's confusing. The legislators have good intentions, but the mounds of documentation that the client will never read or understand are wasteful.

I hope the SEC continues to protect investors, investment advisors and investment companies. I don't think adding another layer of bureaucracy or documentation is the appropriate manner in which to accomplish a higher level of security for all parties involved. Instead, reevaluate the entire investment process. Many years ago Congress realized something had to be done about Long Term Care. I think it's time to take the same approach with investing.

Yours,

Harrison S. Reed, ChFC
818-636-9630

Enclosure: short list of changes

Universal Application Requirements – all paperwork used to open an account that is provided by investment companies should have the same basic information across the board, such as suitability, financial information, identification documentation, physical address of the investment company, a direct telephone number for the company, etc. Things people want, but they're not required. This will save paperwork because it won't have to be provided on two or three separate documents. Clients will have the exact information they want and they won't have to dig through a 50 page prospectus to find it. Also, do-it-yourself investment companies, such as Vanguard and Janus, will be required to collect and monitor investors for appropriateness of the investment. Janus lost more than half of their self-direct investors' money from 2000 to 2003. Had some of these self-directed investment companies monitored investment appropriateness, maybe this wouldn't have happened. This is money people will not have for their retirement, which means more pressure on Social Security payments.

1. Electronic documentation storage – currently I must keep paper files with every paper I've ever presented to a client and electronic storage is unacceptable. The SEC just needs to modernize itself and allow brokers to store things electronically. Companies should have policies protecting everyone with regard to mechanical failure. I could easily have a second hard drive copy every document I put into my computer. I could easily back-up my data to CD or DVD every week. I could easily upload and store all my documents on a company provided server every night or week. It just makes sense to utilize paperless options.
2. Electronic prospectus delivery – there should be a protected process allowing electronic delivery of a prospectus. This can save millions in printing expense as well as a few million trees. I have a friend who doesn't even deal with people that must mail or fax things. If it isn't electronic, he doesn't access it. It's efficient and there's always a trail.
3. An educational piece for any account holding money – a government approved document that must be given to anyone putting money into any account, from CDs to hedge funds, discussing the various types of investments available along with the advantages and disadvantages