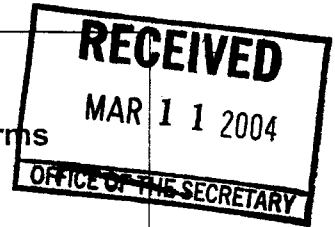




Rule Comments

Proposed Rule on Mutual Fund Disclosure Forms

(SEC File No. S7-06-04)



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Name: DURWOOD HATCH

Please be aware that all comments we receive will become part of the public record of what we considered in this matter. Please return the comment form to the SEC representative or mail your comments to the following address:

Jonathan G. Katz, Secretary
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

Comments: YOUR FORMS ARE GOOD AND NEEDED FOR INITIAL SALES INFORMATION,

BUT I THINK YOU NEED TO GO FURTHER TO PROTECT/HELP INVESTORS. FOR
EXAMPLE: MY WIFE AND I HEARD ABOUT PRUDENTIAL'S HIGH-YIELD BOND FUND WHICH
PAID A GUARANTEED 8.3% DIVIDEND, SO WE INVESTED \$20,000 WHICH WE HAD
SACRIFICIALLY SAVED OVER YEARS IN ORDER TO SUPPLEMENT SOCIAL SECURITY.
WE DID ^{NOT} KNOW HOW TO PURCHASE A BOND OR STOCK AS INDIVIDUALS, OR IF THEY WERE
ONLY SOLD IN LARGE BLOCKS TO RICH INVESTORS, SO WE FOUND A PRUDENTIAL INSURANCE
AGENT WHO ALSO SOLD VARIOUS PRUDENTIAL FUNDS. BEING INVESTOR NOVICES, WE BELIEVED
THAT PRUDENTIAL BOUGHT CHOICE BONDS WHICH THEY HELD, SIMPLY COLLECTING THE DIVIDENDS,
WHICH PRESUMABLY WERE GREATER THAN WHICH THEY PAID THEIR INVESTORS, THUS MAKING
THEIR PROFIT FROM THE DIFFERENCE. THIS WAS OUR NAIVE UNDERSTANDING OF HOW IT
WAS TO WORK. THE SALESMAN DID NOT CORRECT THIS MISCONCEPTION.
THEY PAID THE DIVIDENDS AS STATED, BUT OUR INVESTMENT PRINCIPAL WENT STEADILY
DOWN. EACH TIME WE QUESTIONED THIS, WE WERE TOLD THE BOND MARKET WAS DOWN,

BUT WOULD SURELY RECOVER. AS IT TURNED OUT, THEY WERE SIMPLY NOT HOLDING THE BONDS TO MATURITY, AT WHICH TIME THE BOND VALUE WOULD PAY THE ENTIRE FACE AMOUNT, THUS PRESERVING OUR PRINCIPAL, BUT PRUDENTIAL WAS CONSTANTLY TRADING THE BONDS IN THE PORTFOLIO, BUYING AND SELLING, AND EARNING FEES FOR THEMSELVES BY SO DOING. THEY WERE PAYING THE PROMISED DIVIDENDS OUT OF OUR INVESTMENT PRINCIPAL, THEREBY DIMINISHING OUR INVESTMENT PERMANENTLY. OUR STIPULATION WHEN INVESTING WAS GREAT CONCERN FOR CONSERVATION OF PRINCIPAL. TO SUM UP, WHEN WE GOT OUT OF THIS FUND WE HAD LOST SLIGHTLY OVER \$8,000.

THE LAW SHOULD REQUIRE FULL DISCLOSURE TO BUYERS OF EXACTLY WHAT THEY WERE DOING, AND HOW THEY WERE RISKING INVESTOR'S MONEY. WE COULD ILL AFFORD WHAT TO US WAS A VERY SIGNIFICANT LOSS. WE WERE DUMB ENOUGH TO BELIEVE THAT PRUDENTIAL WAS HONEST AND RELIABLE, AND THAT BONDS MEANT OUR MONEY WAS SAFE, BARRING BANKRUPTCY OR SEVERE TROUBLES FOR THE COMPANIES WHICH ISSUED THE BONDS.

MORE HONEST DISCLOSURE SHOULD BE REQUIRED AT TIME OF SALE BY THE AGENT - SIMPLY MAILING A PROSPECTUS WEEKS LATER WHICH CONTAINS LANGUAGE UNFAMILIAR TO MOST LAYMEN IS NOT ENOUGH, AND IF ONE TRUSTS THE SELLING AGENT, PROBABLY GOES UNREAD.

IT IS EVIDENT FROM RECENT EVENTS THAT THE S.E.C. HAS NOT DONE AN ADEQUATE JOB OF POLICING BROKERS AND AGENTS.