

April 20, 2004

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



ORIGINAL (of 1 original and 2 copies)

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RE: File No. S7-08-04

Dear Mr. Katz:

Fund fees could actually increase due to the SEC's direction concerning board oversight of contracts with investment managers via two unexpected mechanisms:

- 1) Managers may require higher fees to compensate themselves for the higher risk that boards will take away funds raised at cost to the managers before an acceptable return on those costs is achieved.
- 2) Unethical fund complexes could find it cheaper to increase assets by gaining control of boards at smaller funds, and then "firing" the existing managers and "hiring" themselves, than by traditional means. The reduced competition could lead to higher fees.

I doubt the SEC intends to raise fees or help unethical fund complexes acquire assets.

I am an independent director for a small mutual fund.

Sincerely,

A handwritten signature in cursive script that reads "John P. Lambertson".

John P. Lambertson
PO Box 2055
New York, New York 10101