

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



April 3, 2004

135

File NO. S7-11-04

Re: Mandatory 2 per cent Fee on Redemption

Dear Gentlemen

The new rule is totally backed by the Mutual Fund Industry but will hurt many long term investors. The references in the outline of the proposed Rule do not address all the changes that have occurred since mutual funds have tracked down market timers. The articles by Charles Hodges and the articles from the Investors Business Daily and Morningstar which were quoted as references in the proposed rule concern old former problems—problems which existed before measures to stop the market timers were instituted.

I personally have had brokerage accounts at at four large firms. When I opened the accounts I was invariably stuck with the “broker of the day” or somebody new. They were nice men but several times sold funds with back end loads and penalties to make room for new purchases. When I asked them why they didn’t sell stocks or no load funds they always apologized and said that if I made a formal complaint their manager would make them pay out of their own pocket. This will be the scenario for the 2 per cent rule for many investors. Mistakes will be made by all the stupid but nice brokers out there, and investors don’t want their brokers to get in trouble by making formal complaints. Mutual funds love careless brokers. Arguing with the mutual funds about a broker’s careless mistake is useless and just raises my blood pressure for nothing. The mutual funds are welcoming the new rule because it will bring in millions from careless mistakes.

Treasury Secretary John Snow was quoted on April 2, 2004, that “care must be taken to preserve the valuable benefits and flexibility that mutual funds provide”, in his remarks to the Financial Services Roundtable. I am glad that he did not say that “care must be taken to increase the valuable fees that mutual funds uncompromisingly keep.”

Sincerely Yours,

Yolanda Garcia  
8165 San Fernando Road,  
Sun Valley