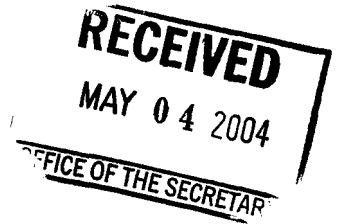


Jonathan Katz, Secretary
Securities and Exchange Commission
450 W. Fifth St., NW
Washington, D.C. 20549

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April 26, 2004

Regarding File # S7-11-04

The Mandatory Redemption Fee
for Mutual Funds Proposal

Dear Sirs

The delicately profitable retirement fund management company, for whom I maintain the network systems, is contemplating borrowing a sizable sum if the new mandatory redemption fee rule passes. They have asked me to come up with a bid since I do the systems. We are talking about a small company and the estimates that I come up with are unfeasible.

The changes to the system including the ability to track down these trades and report on a trade by trade basis everything subject to a redemption fee will entail a capital initial cost of about \$542,000.00. This would be the cost according to the proposed rule described as under "paragraphs (b)(1) or (b)2". Since paragraph (b)(2) requires more information than (b) (1), it is absurd that the proposed rule states that paragraph (b)(2) will cost ten times less than the estimate under paragraph (b)(1).

To do all this and to calculate the fee and inform the particular mutual fund when a redemption fee should be received by the mutual fund will cost more, as described in the proposed rule as "Intermediaries: paragraphs (b)(3)."

I have not included the cost of ongoing periodic information or yearly maintenance costs, since the initial cost is beyond the borrowing capacity of my client. If the proposed rule passes, it means the company goes under. I can find other work but I will miss this job and the people. Our BK attorney says that's why the Regulatory Flexibility Act was passed to protect small companies from burdens such as rule S7-11-04.

Sincerely,

David Patterson
Applied Systems Group