

# STEPHENS FINANCIAL & INSURANCE SERVICES

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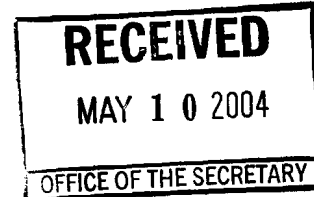
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May 4, 2004

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



Re: File No. S7-09-04

Dear Mr. Katz:

As a financial planner for close to 20 years I wanted to voice my opinion on the current debate over the 12b-1 fees. I applaud your efforts to weed out the improper uses of these fees. However, I would like to say that the portion of the fee that the brokers receive do indeed go a long way toward servicing my clients.

For example, I manage about \$20,000,000 with a prominent mutual fund family headquartered in Brea California. In about 85% of the cases my clients invest with this family for the low costs that include this 12b-1. I do NOT charge my clients an annual fee like many other planners do. Most of the time they invest at the \$100,000 breakpoint or above. I receive an initial commission but the annual 12b-1 AFTER the first year help my business to stay competitive and allow me to give service to my clients after the initial commission.

**Please do not take away the 12b-1 for the brokers.** Without the fee I fear that unethical planners might constantly move clients to new families to generate fees or even worse use the C Shares that have a MUCH higher expense ratio.

I agree that some of the issues of the 12b-1 fees are important and need to be addressed but I would respectfully urge you to not eliminate this important source of income that allows me and countless other ethical planners to serve our clients in a cost effective manner. Without this "renewal" source of income (not unlike an insurance annual renewal) I fear that the clients may not get the care and attention that they need to accomplish their financial goals and plan for a secure, independent retirement.

Thank you for your attention and your time.

A handwritten signature in cursive that reads "Michael Stephens".

Michael Stephens CLU, CFP