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

April 4, 2004

File Number S7-11-04,
Dear Sirs

The Proposed Rule for a Mandatory Redemption Fee would mortally penalize the small broker-dealer firms and reward the mutual funds. There are more than 2,000 broker dealer firms in the USA which for purposes of the Regulatory and Flexibility Act are small entities. The capital in the firm which I work for is less than $250,000 and our affiliated firm has less. The initial effect of implementing the new rule will cost us over $460,000 dollars not to mention the ongoing costs. And that's just our firm. Others will cost more.

All the while the fund companies get another fund fee. If someone buys B shares and wants to get out the first week it will cost 7 ½ per cent. No wonder the fund companies are lobbying to pass this new rule.

Scott Ehrlich, Accountant
Parsons and Rhodes,
Thousand Oaks, Calif.