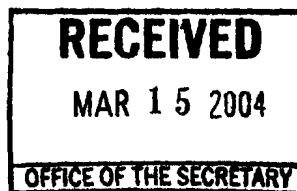


57-06-04

Jonathan G. Katz, Secretary
U.S. SEC
450 Fifth Street, N.W.
Washington, DC 20549-0609



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Dear Secretary Katz,

While I appreciate your efforts, I've come to the opinion that there is an INHERENT conflict of interest in the full-service brokerage industry and I don't see how any manner of forms can possibly cure it.

If clever, experienced, sophisticated financial professionals wish to find a way to mis-lead ordinary, trusting people who may be lacking in cleverness, experience or sophistication, I think we can probably agree that no form will prevent that.

Although not perfect, I prefer the "discount," self-service style operations, such as Vanguard or Schwab in which it is fully understood that the investor will depend on her own research and discernment in the evaluation of investments and their risk and cost characteristics.

Of course disclosure is essential and it should be made in plenty of time before a decision point, *up front, in bold legible print, using plain, easy to understand language* and free from terminology that is unfamiliar to the general public. The proposed form is an attempt to achieve disclosure but it is filled with industry-specific terms that Mr. or Ms. General Public is unlikely to understand. If you must use a form, consider adding a list of definitions and illustrative examples in plain, easy to understand language. Or, better yet, force the industry to get SIMPLE and stop confusing and confounding people with all myriad of fee types. The underlying principals involved in investing ARE actually simple. And so should the process of investing be made simple.

Further, why not devise a complete and comprehensive questionnaire that an investor can use when evaluating a specific investment offered by a broker? Perhaps there could be one for each type of mutual fund, one for individual stocks, bonds, and so on. It's complicated, by design, I fear. I am a well-educated business professional and, after being mis-led by my full-service "advisor" I spent 6 months researching the world of investing hoping to protect myself from future problems. I barely scratched the surface of what I felt I needed to know in order to make wise and risk-appropriate decisions. I sometimes think the industry has made the process confusing so that the unsuspecting investor is too baffled to really understand what he is getting into and is thus easier to mis-lead. Cynical, I realize, but what other conclusion can be drawn? I shudder to think of what even less-advantaged individuals are putting at risk when facing these choices!

Unfortunately for me, your concern is too little, too late. I was badly burned by the full-service industry and lost much money due to self-serving or otherwise improper advice given to me by my designated "advisor."

On another sad note, a few years ago, I was trying to evaluate an investment opportunity and appealed to your local office here in Boston as well as the main office in Washington D.C. for assistance. As a naturally cautious and prudent person, I had chosen to do my homework prior to sending in my money. The folks at your local office had, at best, a lack-luster interest in my efforts, did not offer useful guidance of any kind and ultimately, the print-out I received from your Washington office failed to reflect the bad marks that I later came to learn were already on record of the company in question.

To make an excruciatingly long story short, I invested my money, the "investment" proved, within one year to be fraudulent, the principal of the company is now in jail and the court-appointed receiver offers little hope in terms of me or anyone else of the several thousand individuals who were fooled, ever getting any significant portion of their original investment returned to them. Some of the investors were poor. Some were elderly. In my case, and that of others, the amount invested reflected a healthy portion of my modest net worth.

I only wish that when I made my first attempt to understand what I was doing by calling your office that someone would have cared enough to perk up their ears and that some effort would have been made to really protect me by giving me good, precautionary information. Sadly, that wasn't the case.

I believe that there is a critical mass of compromised ethics within the Wall street industries. I agree with Attorney General of New York, Elliot Spitzer, that the problem is systemic and that if the SEC is going to be effective in rehabilitating the financial industry such that it deserves the public trust, it needs to "sharpen it's teeth and know when to bite."

Perhaps the SEC can offer classes or provide easy-to-understand written materials to educate people on the product types and the process of investing. This is serious stuff and much is at stake for ordinary working people who, when investing, are usually just trying to be responsible for their financial future and the security of their families. Perhaps people should not be permitted to invest in certain types of investments without first completing a course that will sufficiently educate and protect them? Why not provide good education UP-FRONT and minimize damage-control later!?

To summarize:

1. I support the dissolution of "full-service" brokerage.
2. I support "self-service" brokerage wherein the investor is responsible for his own decisions.
3. I support the simplification of the manner in which investments and fees are described and marketed so that even children can understand them.
4. I support the establishment of objective 3rd party financial education that gives the prospective investor enough understanding of the products and the process to be fully responsible for her own decisions and confident that she can protect herself.
5. I consider that making some level of education REQUISITE for some investments may be a good thing.

I am, unfortunately, not free to sign my name on this letter which I am writing in response to your request for feedback. The full-service brokerage who finally agreed, after a long and difficult process, to return some undisclosed fees to me, agreed to so doing only if I agreed to sign a confidentiality agreement.

For me, Secretary Katz, that says it all.

Again, I appreciate your efforts but I think you can tell from my letter, I am of the opinion that much more is needed than a form.

Resident,

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Massachusetts