May 17, 2005

Mr. Jonathan G. Katz
Secretary
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0606

Re: Mutual Fund Redemption Fees;
File No. S7-11-04

Dear Mr. Katz:

I am the President of Armstrong Associates, Inc, a small fund that has concerns with the recently adopted mutual fund redemption fee rule. As introductory background, Armstrong is a no-load, diversified, open-end mutual fund that was initially offered to the public in 1968 and that is managed with the objective of capital growth.

Armstrong has never had a problem with short term trading in its shares due at least in part to the effectiveness of the procedures and policies followed by Fund personnel in accepting purchase orders. The Board considered the lack of a past problem with short term trading, the effectiveness of its existing policies and procedures in preventing short term trading, the possibility of unnecessarily making existing shareholders uncomfortable and the cost impact to the Fund of implementing a redemption charge. The Directors concluded that a redemption fee as described in rule 22c-2 was unnecessary and inappropriate and a resolution to that effect was unanimously passed.

Unfortunately, we have a serious concern with the requirement of the rule that funds have contracts with "financial intermediaries". Aside from the fact that we do not consider such a contractual arrangement necessary based on our experience, the legal and operational costs of implementing and maintaining such a contractually based system would be, in our opinion, sufficiently high that it would restrict the ability of many smaller funds to economically accept what would otherwise be legitimate new purchase orders from shareholders.

Armstrong's approach to the problem of inappropriate short term trading is straightforward and economically feasible. If a purchase order appears to be questionable, then we would not accept it without an investigation that adequately resolved our concerns. If we have trading problems from accounts associated with a particular intermediary, we would discontinue accepting purchase orders from that intermediary.

Requiring funds to show a pattern of reasonable discretion and responsibility in the acceptance of purchase orders and holding them accountable if they do not would seem to be a better, more financially reasonable regulatory approach than building a cumbersome and expensive contractual infrastructure.

Respectfully,

C.K. Lawson
President
Armstrong Associates, Inc.

CKL/dp/jh

cc: Bob Grohowski