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

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OFFICE OF THE SECRETARY

7/23/2004

Re: Securities and Exchange Commission
17 CRF Part270, 22c-2
File No. S7-11-04
Mandatory Redemption Fees for "Early" Withdrawal of Shares

Dear Sir:

I realize that comments and responses were needed to be received by May 10, 2004, but I would hope that someone in your office would take just a moment to clarify a point of confusion on my part. I'm just an individual investor and must be missing some very salient point that would make this entire discussion reasonable. However...

The basic assumption that seems to preface and underlie the entire issue of attempting to prevent or, at least, deter the redemption of shortly held shares, can be quoted directly from the SEC Proposed Rule 17 CRF Part 270, 22c-2.

> "Some fund investors take advantage of this collective relationship
> by frequently buying and redeeming fund shares.
> These investors may frequently buy shares and soon afterwards
> sell then, in reaction to market news or because of change of heart."

What appears to be most confusing and, at times, almost paradoxical is the fact that one might very well use this same quote to define a "prudent" investor.

In the past, mutual funds had migrated to daily valuations for the specific purpose of attracting investors, to whom the flexibility of daily admissions and redemptions did appeal. And, now because those same investors utilize those very features as they were specifically intended and designed to be used; they are criticized and labeled as insensitive and unfair shareholders who make profits at the cost of the other shareholders. They are blamed for "disrupting the management of the fund's portfolio and raising a fund's transaction costs because the fund manager must either hold extra cash or sell investments at inopportune times to meet redemptions." Strange, I always understood that to be their job; now its beginning to sound like the investor's decisions should be dictated by the readiness of the fund manager.

Another point of confusion is the distinction of "new" and "old" shares. If investors redeemed a million dollars of "old" shares today, wouldn't the fund manager have the same portfolio management problem as if the shares were "new"?

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(cont'd)

The SEC statement clearly insinuates that the overriding problem is the inability of the fund manager to react to daily changes in the investors' positions and efficiently and effectively manage the fund's portfolio accordingly. Although the investor is again, only operating within the specifically defined guidelines fulfilling the intended purpose of the funds, that being daily admissions and withdrawals, the proposed approach appears to penalize the investor for the shortcomings of the fund manager.

This is not, at all, attempting to criticize the fund manager, but if the current rules make it impossible for the managers to meet their responsibilities, then consider that the rules might need to change rather than the players penalized.

I appreciate your consideration.

Sincerely,

Robert L Tritten
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