Mutual Funds Corporation of America
Pittsburgh, Pennsylvania

March 1, 1968

Mr. Orval L. DuBois, Secretary
Securities and Exchange Commission
500 North Capitol Street
Washington, D.C. 20549

Re: Proposed Rule 10B-10

Dear Sir:

Your release No. 8239, dated January 26, 1968, invited interested persons to submit their views relative to the above proposal.

I am writing to express my deep concern over, and my strong opposition to this proposal. If implemented, this proposal would be catastrophic to small and medium size firms such as ours.

The proposal is well intentioned in that it is based on the premise that it would result in savings to Mutual Fund investors.

While some savings to investors would result, it would be at the cost of seriously damaging and doing irreparable harm to many Mutual Fund dealers.

Our business, like any other business, can exist only if a profit is made. If we are to attract and recruit capable and qualified people; if we are to provide proper training and supervision for them; if we are to provide the kind of continuing service that investors expect and demand; a reasonable and adequate margin of profit is absolutely essential.

In the past, reciprocal commissions have helped to provide this margin of profit. The proposal, if enacted, would seriously cut into the already narrow margin of profit that exists in the sale and distribution of Mutual Funds. It would force many salesmen and others employed by firms such as ours to seek employment in more profitable and more attractive fields. It would discourage qualified people from entering our business. It would make it extremely difficult, if not impossible, for a Mutual Fund dealer to stay in business and operate effectively.

I am enclosing the following items to illustrate the above points.

Exhibit A -- Statement of Reciprocal Business from retail sale of Mutual Funds.

Exhibit B -- Statement of Income and Retained Earnings -- Fiscal Year 1967.

Exhibit C -- Condensed Statement of Income and Expenses.

As you will see from the above, the elimination of reciprocal commissions would have resulted in our having a deficit of $8,166.25. During the fiscal year covered above, our firm paid out over $128,000 in commissions and salaries. We employ 14 people on a full-time basis. We provide local and personal service to more than 10,000 clients, most of them small investors. What happens to all this if we are forced out of business?

Would the relatively small savings that would accrue to investors under this proposal justify the serious damage, hardship, and dislocation that would be caused to dealers, salesmen and other employees involved in the distribution of Mutual Funds?

Would these small savings justify the elimination of the many services, many of them at no charge, that are provided by firms like ours to literally thousands of small investors? Who would take our place? Would the small investor be better served with fewer dealers and less competition?

The ramifications of the S.E.C. proposals, including Proposed Rule 10B-10, can be far reaching and dangerous. The effects to all parties concerned should be seriously and carefully considered.

Proposed Rule 10B-10, if implemented, would have disastrous effects on many small dealers all over the country. It would reduce the quality and quantity of service available to the small investor. It would not work to the best interests of either the industry or the investor.

These views are respectfully submitted, and I thank you for the opportunity to do so.

Yours truly,

Augustine J. Marasco
President

<u>EXHIBIT A</u>
<u>Statement of Reciprocal Income -- Fiscal Year 1967</u>

October 1966:  $425.00

November 1966:  $400.00

December 1966:  $1,575.00

January 1967:  $978.53

February 1967:  $671.47

March 1967:  $825.00

April 1967:  $350.00

May 1967:  $510.00

June 1967:  $1,376.00

July 1967:  $794.00

August 1967:  $1,615.00

September 1967:  $1,000.00

Total:  $10,620.00

EXHIBIT B

MUTUAL FUNDS CORPORATION OF AMERICA
STATEMENT OF INCOME AND RETAINED EARNINGS
For the Fiscal Year ended September 30, 1967

INCOME

Commissions:  $175,239.93

EXPENSES

Salaries -- officers:  $25,018.00

Salaries -- other:  $14,406.75

Commissions -- salesmen:  $8,297.00

Sales expense:  $8,962.48

Travel expense:  $796.17

Advertising:  $3,301.01

Rent:  $7,238.76

Telephone and telegraph:  $3,982.48

Office supplies and expense:  $2,470.78

Postage:  $4,337.79

Bonuses, prizes, etc. :  $511.11

Car expense and rental:  $2,858.58

Depreciation:  $1,422.29

Donations:  $171.20

Dues and subscriptions:  $457.97

Insurance and hospitalization:  $3,484.77

Legal and accounting:  $1,550.00

Licenses:  $1,029.95

Supplies:  $35.09

Taxes -- Payroll:  $1,873.19

Taxes -- Other:  $580.07

Total:  $172,786.18

Difference, Income and Expenses:  $2,453.75

OTHER INCOME (EXPENSE)

Dividends:  $1,157.56

Capital gains: $3,917.10

Interest income:  $711.52

Prior year adjustment:  $72.20

Interest expense:  ($2.13)

Total:  $5,836.25

NET INCOME BEFORE INCOME TAXES:  $8,290.00

PROVISION FOR CORPORATE INCOME TAXES:  $1,900.00

NET INCOME FOR THE YEAR ENDED SEPTEMBER 30, 1967:  $6,390.00

RETAINED EARNINGS -- October 1, 1966:  $6,550.14

RETAINED EARNINGS -- September 30, 1967:  $12,940.14

The appended notations are an integral part of this statement.

EXHIBIT C

This Condensed Statement of Income and Expenses Has Been Prepared from Our Annual Report which Has Been Certified to by Snodgrass & Co., a Pittsburgh, Pa., Firm of Certified Public Accountants

Mutual Funds Corporation of America
Condensed Statement of Income and Expenses
For the Fiscal Year Ended Sept. 30, 1967

Income -- Commissions:  $164,619.93 (93.94%)

Income -- Reciprocal:  $10,620.00 (6.06%)

Total Income: $175,239.93

Expenses: $172,786.18 (98.60%)

Profit from Operations: $2,453. 75 (1.40%)

If the Reciprocal Commissions had not been earned and were eliminated, the results of our operations would have been materially affected as shown below:

Income -- Excluding Reciprocal: $164,619.93 (100%)

Expenses: $172,786.18 (104.96%)

Loss from Operations: ($8,166.25) (4.96)%