

John J. Carroll & Co.

INVESTMENT SECURITIES - INSURANCE - REAL ESTATE

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April 10, 1972

United States Securities
and Exchange Commission
500 North Capitol Street
Washington, D. C. 20549

Gentlemen:

Ever since I have been in the securities business and selling mutual funds, I have been opposed to the captive sales force as I felt it automatically established a conflict of interest. Either captive salesman have only their own fund to sell; or, if they can sell other funds, they are encouraged to, and paid more for selling their own fund.

Now that the insurance industry has entered the mutual fund field, this abuse of "pushing" the captive organization's own funds has, as expected, become more prevalent.

Under this type of selling little, if any, consideration is given to the fund most suitable to the customer, and hence the important "suitability" regulation is violated.

I think the S.E.C. should forbid captive sales of mutual funds, and am surprised that it has not. It certainly is not the professional way of doing business.

Enclosed is an example of how insurance companies are stimulating sales of their own captive funds. They are past masters at sales promotions.

Sincerely,

John J. Carroll

JJC/bd

35 East Wacker Drive
Chicago Illinois 60601
312 236 4700

NORTH AMERICAN LIFE INSURANCE COMPANY
Of Chicago

March 1, 1972

To All North American Producers. . .
Especially those who are Registered Representatives for
USLIFE Equity Sales Corp.

IN RECOGNITION OF SUCCESS

Many successful life insurance producers are selling more life insurance -- and making more money -- because they are talking, and sometimes selling, mutual funds. We want to recognize those who are selling mutual funds and, by so doing, bring to the attention of others in our field organization that mutual fund selling can mean:

1. more good selling interviews
2. more successful interviews
3. more life insurance sales
4. additional commission income.

Accordingly, some special recognition awards are to be made to the leaders in the North American Life field force based on their 1972 fund sales results. We have tried to select awards which you may display either at home or in your office which will convey to your clients and associates your active involvement in the securities business.

I plan to personally present:

1. A handsome onyx desk set with two Parker pens and a traditional "bull & bear" symbol to the individual who earns the greatest amount of mutual fund commissions from our broker/dealer during the year 1972.
2. The same award will go to the individual who sells the largest number of new Group Securities cases during the year 1972.
3. A choice of a set of "bull & bear" cuff links, tie pin or other stock market jewelry will be presented to each representative who produces ten or more new Group Securities sales -- with at least three sales each calendar quarter during the balance of the year.

March 1, 1972

To All North American Producers. . .

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We want to help you make mutual fund selling a habit. Further, we want to demonstrate that the habit of selling mutual funds regularly strengthens the opportunity to sell life insurance.

Make at least ONE MUTUAL FUND SALE A MONTH. It pays in many ways.

Good luck.

Sincerely yours,

R. D. Rogers, CLU
Executive Vice President
RDR/b