



Rule Comments
Proposed Rule on Mutual Fund Disclosure Forms
(SEC File No. S7-06-04)

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Please be aware that all comments we receive will become part of the public record of what we considered in this matter. Please return the comment form to the SEC representative or mail your comments to the following address:

Jonathan G. Katz, Secretary
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

2004

Comments: I BELIEVE THE DRAFT DISCLOSURE FORM FOR CLASS B SHARES IS NOT THOROUGH ENOUGH BECAUSE IT DOES NOT ADDRESS THE USE OF CERTAIN MISLEADING, UNETHICAL SALES POINTS BY BROKERS TO PUSH THE SALE OF CLASS B. SHARES.

IN MY CASE, A MORGAN STANLEY D.W. INC. BROKER USED A SALES PITCH SOMETHING LIKE THIS --- JOHN, IF YOU BUY CLASS B SHARES IN MORGAN STANLEY D.W. INC. MUTUAL FUNDS AND KEEP THEM WITH US FOR 5 YEARS, YOU WILL NEVER PAY A SALES CHARGE. IF YOU SELL IN YEAR 1 YOU WILL PAY 5%; YEAR 2-4%; YEAR 3-3%; YEAR 4-2%; YEAR 5-1% AND AFTER THAT YOU PAY "NOTHING". YOU MAY ALSO EXCHANGE YOUR SHARES FREELY BETWEEN DIFFERENT FUNDS "OFFERED" BY MORGAN STANLEY D.W. INC. WITHOUT ANY CHANGE TO THESE TIME FRAME.

OVER

AS I DISCOVERED SEVERAL YEARS LATER -- THE HARD WAY -- THIS SALES PITCH WAS NOT ONLY MISLEADING, BUT ALSO, NOT COMPLETELY TRUE. FOR EXAMPLE, IF AN INVESTOR EXCHANGES SHARES IN A MORGAN STANLEY GROWTH FUND INTO A MORGAN STANLEY D.W. INC. MONEY MARKET FUND, THE CLOCK STOPS TICKING TO SATISFY TIME REQUIREMENTS TO REDUCE DEFERRED SALES CHARGES. AND NO TIME CREDIT IS GIVEN WHILE THE MONEY IS PARKED IN THE MONEY MARKET FUND. ALSO, IF THE INVESTOR EXCHANGES HIS SHARES INTO A MUTUAL FUND "OFFERED" BY MORGAN STANLEY D.W. INC. -- BUT -- HERE'S THE CATCH -- NOT ONE OF THEIR OWN FUNDS, THEN A DEFERRED FEE WILL BE CHARGED

THESE NUANCES NEED TO BE ADDRESSED IN THE CLASS B DISCLOSURE FORM. IF THEY ARE NOT, UNSCRUPULOUS BROKERS WILL CONTINUE TO USE SUCH MISLEADING, UNETHICAL SALES PITCHES AGAINST VULNERABLE SMALL INVESTORS.

INCIDENTALLY, THE BROKER I DEALT WITH DID NOT DISCLOSE TO ME THAT SHE WAS GETTING A HIGHER COMMISSION FOR SELLING ME THE CLASS B SHARES OF HER OWN COMPANY, NOR DID SHE ADVISE ME THAT THE ANNUAL MANAGEMENT FEES WOULD BE HIGHER FOR THE CLASS B SHARES THAN FOR CLASS A. SHARES.