DIESSLIN & ASSOCIATES
FINANCIAL ADVISORS

July 28, 2009

RE: File No. S7-09-09, Proposed Amendments to Rule 206(4)-2

Diesslin & Associates, Inc., appreciates the opportunity to comment on the Commission's proposed amendments to Rule 206(4)-2 of the Investment Advisers Act of 1940. We support the Proposal as it pertains to investment advisory firms that do not maintain client accounts at an independent qualified custodian (and therefore have physical custody), we have concerns about its application to advisers that are deemed to have custody of client assets under the Commission's technical definition of the term.

We are concerned about application of the annual surprise examination requirement in the following contexts, when a non-related custodian holds the assets and sends quarterly statements to the clients:

1. Client accounts from which the adviser has the authority to deduct fees.
2. Clients for whom the adviser or a related party serves as trustee.
3. Pooled investment vehicles for which the adviser serves as the general partner and in which its clients have invested.

After consultation with a certified public accountant who practices in the area of securities regulation, we believe that the Commission has underestimated both the cost and the paperwork burden of the surprise examinations. Because most of our clients have authorized us to debit their accounts for our fees, we have been given an estimate of at least $12,000, and that is conditioned upon the advisory firm actually assuming most of the paperwork burden in corresponding with clients and custodians, with the examining firm providing the content of the letters to be prepared, mailing the letters prepared by the adviser, and then verifying that all of the requested confirmation letters have been received and preparing its report. This will also result in a burden on clients and custodians that has not been addressed in the Proposal.

In order to avoid the cost and paperwork burden of the surprise examination, many investment advisers will decide to eliminate the drafting of client accounts for fees, and will instead require clients to send them checks for payment of fees. This will result in both inconvenience to clients, and the risk of sending checks through the mail. The burden of the examination may cause advisers (or related persons) serving as trustees to resign from their fiduciary appointments, resulting in inconvenience to the client who must find a suitable replacement. The cost of the examination of pooled investment vehicles will result in increased expense to the clients who are partners, and many of these vehicles may not have sufficient current cash flow to bear the expense.

We believe that, in each of the three contexts described above, the custody of the assets with a non-related custodian that sends statements directly to the clients (or, in the case of a pooled investment vehicle using the audit exception, that is subject to an annual audit and distributes its financial

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statements to the investors) provides sufficient protection for clients against fraud by the investment adviser.

Sincerely,

Barbara E. Shields,
Chief Compliance Officer
Diesslin & Associates, Inc.