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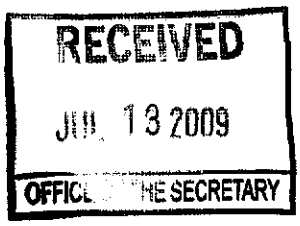
July 8, 2009

Ms. Elizabeth M. Murphy
Secretary
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090



RE: Proposed Amendments to Rule 206(4)-2
Release No. IA-2876
File No. S7-09-09

Dear Ms. Murphy:

Our firm has recently become aware of the Securities and Exchange Commission's proposed amendments to Rule 206(4)-2, and we appreciate the opportunity to comment on one aspect of these proposed amendments. The proposed requirement to have investment advisers subject to surprise audits, who are deemed to have custody of client assets solely because they have authority to deduct management fees from client accounts, is unwarranted, increases costs to both advisers and their clients, and unnecessarily impairs clients' freedom to choose. Furthermore, it seems to unfairly punish small businesses like ours for the sins of others who engaged in illegal activity that is completely unrelated to this issue. We believe that the SEC should leave this aspect of its regulations as it is.

The current regulation adequately protects clients from abuse. Client funds are held by independent qualified custodians and separate statements are generated by those custodians on a periodic basis, in our case monthly. Clients are therefore able to verify their assets, transactions, and fees deducted by simply viewing that statement. Many clients have also have the option to view their accounts on-line, which gives them real-time access to all of this information as well. Additionally, as clients are provided with written copies of fee invoices at the time bills are sent to the custodian, they are able to verify the amount of the fee in a timely manner and could bring any question or concern to our attention immediately.

Furthermore, our firm does not require clients to have management fees deducted from the account, yet the vast majority of clients have chosen this arrangement freely for their own convenience. The effect of this election has reduced our firm's cost of doing business, enabling us to pass those savings on to our clients in the form of lower management fees. If this arrangement was disrupted by an unnecessary and costly surprise audit requirement, the only beneficiary would be the CPA firm that conducts the audit! If the costs of this proposed change in regulation proved too costly for our firm to implement—causing us to revert to billing clients directly—our costs of doing business would rise and clients would be unnecessarily inconvenienced, all for the sake of an ill-conceived, superfluous regulation.

We cannot speculate as to the specific fraudulent or illegal activity has caused the Commission to propose this change in regulation. We fully support any actions on the part of the Commission to eliminate the abuses that have occurred in the high-profile Madoff and Stanford cases, but fail to understand how punishing our clients for the sins of these criminals would solve anything. We are aware of safeguards that already exist for clients of advisers who take actual custody of client funds, and in our view these are appropriate and might even be strengthened. However, we believe it is a stretch of logic to cast advisers like ourselves, whose only "custody" lies in direct billing of management fees, in the same lot as the former group. These more comprehensive custody arrangements appear to be where real potential for abuse exists as has been demonstrated by recent events.

We thank the Commission for the opportunity to comment on the proposed amendments, and hope that it will reconsider this unnecessary change to Rule 206(4)-2.

Sincerely yours,

Steven R. Vela, CFA

Frederick B. Stattman, CFA

Philip S. Price, CFA