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LIBERTY FINANCIAL GROUP, INC.

July 21, 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:

Thank you for the opportunity to respond to the Securities and Exchange Commission's (the "Commission") request for comments on the proposed amendments to Rule 206(4)-2.

We are a small company – 2 RIA representatives and 4 staff – with a 28 year history of putting clients first. We fear that proposed changes as they relate to advisors with sole custody will adversely affect our company and therefore our clients as explained below.

As an investment adviser registered with the SEC, under Rule 206(4)-2, Liberty Financial Group, Inc. is deemed to have custody solely because we have the authority to deduct advisory fees from our clients' accounts, all of which are maintained by an independent, qualified custodian. We strongly believe that the portion of the proposed Rule, which would require advisers with this form of custody to undergo an annual surprise audit, is not warranted.

As required by current Rule 206(4)-2, the independent qualified custodian maintaining our clients' accounts delivers account statements, on at least a quarterly basis, directly to clients, identifying the amount of funds and securities at the end of the period as well as all activity in our clients' accounts. As a result, our clients receive comprehensive account information directly from the qualified custodian and are thus able to monitor the activity in their accounts. Clients agree, in writing, that our advisory fees will be deducted directly from their advisory accounts.

In addition, we supply statements which itemize the calculation and fee for each month.

Our clients are "average Joes and Janes" who prefer this fee deduction method to sending checks out-of-pocket and look at the portfolio as if it were a small business that pays its own expenses and we are the manager of the business.

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Accordingly, the safekeeping measures currently required by Rule 206(4)-2 provide our clients with the ability to sufficiently identify and detect erroneous or fraudulent transactions. It is also our understanding that abuses in the industry have not generally resulted solely because of arrangements whereby advisers have the authority to deduct fees from accounts maintained at qualified independent custodians. The absence of such actions supports our position that the safeguards mandated by current Rule 206(4)-2 are sufficient to deter advisers from engaging in fraudulent conduct.

Furthermore, the cost associated with an annual surprise audit would cause a financial strain on our company, the cost of which would most likely be passed on to our clients in the form of higher advisory fees, which is not in the best interests of our clients.

If it proves difficult to absorb and/or pass on the costs associated with an annual surprise audit, we might have to eliminate the direct debit of fees and instead require clients to pay our advisory fees directly. This would require a complete revamping of operations and would further increase overhead costs.

Most importantly, in many cases, such a change in billing practices would, I know, confuse and perhaps irritate clients and require them to reorganize their well established banking arrangements and also their spending/saving/investing plans, thereby adversely affecting the entire financial planning process. They will have you to thank.

We believe that existing safeguards in place are adequate and considering the adverse effects of a mandatory surprise audit on advisers as well as clients, we respectfully request that the Commission **leave current Rule 206(4)-2 intact and unchanged with respect to advisers who have custody solely because they have the authority to deduct advisory fees from client accounts**. We thank the Commission for the opportunity to comment on this matter.

Respectfully,

June A Schroeder

June A. Schroeder, RN, CFP®
Liberty Financial Group, Inc.

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