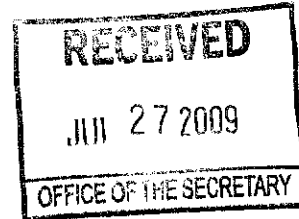


NORTH ★ STAR
Investment Advisors, LLC
Serving Clients Since 1995

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Letter Type
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Frederick B. Taylor
Robert Van Wetter
Richard P. Kopp, CFA
Timothy J. Waymire, CFA
Moses Taylor
Charles J. Farrell, J.D., LL.M.

July 16, 2009

Ms. Elizabeth M. Murphy
Secretary
United States Securities and Exchange Commission
100F 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:

I appreciate the opportunity to express my views in response to the Security and Exchange Commission's request for comments on the proposed amendments to Rule 206(4)-2.

My firm, Northstar Investment Advisors, LLC, is a moderately sized, independent firm registered with the SEC. We are deemed to have custody of our client's assets solely because we have been granted the authority to deduct advisory fees from our clients' accounts. All of our accounts are domiciled with qualified, independent custodians. The custodians deliver account statements directly to our clients on a monthly basis. Copies of the statements are also delivered to Northstar. The statements show the amounts of funds and securities at the end of the period as well as all transactions in the account including any deductions of quarterly fees. In addition, Northstar provides statements of assets to the clients on a quarterly basis. As a result, our clients receive comprehensive account information directly from the qualified custodian and from Northstar enabling them to monitor activity in their accounts. In all cases where advisory fees are deducted from accounts, our clients have agreed, in writing, to the process.

The safekeeping measures currently required by Rule 206(4)-2 enable our clients to identify erroneous or fraudulent transactions. I am not aware that any of the abuses in our industry, including the Ponzi schemes uncovered by the SEC, are the direct, or even indirect, result of advisors having the properly documented authority to deduct advisory fees from accounts maintained at qualified, independent custodians. The lack of any evidence of fraud related to deduction of fees from clients' accounts would indicate that the safeguards in the current rule are adequate and sufficient for this matter.

At Northstar, we provide service to our clients under a modest fee structure. The costs inherent in an annual surprise audit would be a financial strain on the company. These costs would likely have to be

passed on to our clients through higher advisory fees, which is not in their best interests. I suspect that many other independent advisors would be facing the same dilemma. If we were unable to absorb or pass on the costs of such an audit, we might have to eliminate the direct debit of fees. We then would have to bill clients directly which would involve major changes in operations relating to billing. Clients would be adversely affected in that the new billing practices would be confusing and require them to change their way of doing business with us. Our cash flow would be less reliable and could result in collection problems. We would be spending management time either with the surprise audit or with collection problems that could be better spent managing our clients' assets.

The fact that adequate safeguards are in place and considering the adverse effects of a mandatory surprise audit on advisors as well as clients, we request that the Commission leave current Rule 206(4)-2 unchanged as it relates to advisors who have custody solely because they have the authority to deduct advisory fees from client accounts. I thank the Commission for the opportunity to comment on this matter.

Respectfully,

A handwritten signature in black ink, appearing to read "Bob Van Wetter". The signature is written in a cursive, flowing style.

Northstar Investment Advisors, LLC
Bob Van Wetter
Principal

CC: Sen. Mark Udall
Sen. Michael Bennett
Rep. Ed Perlmutter