

Felsenthal Financial Services

August 31, 2010

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

Via Email: rule-comments@sec.gov

Re: Request for comment to inform study regarding obligations of brokers, dealers, and investment advisers {Release No. 34-62577;IA-3058; File No.4-606}

Dear Ms. Murphy:

I am writing in response to the Securities and Exchange Commission ("Commission's") request for public comment to inform its study of the obligations and standard care of brokers, dealers, and investment advisers when providing personalized investment advice about securities to retail customers. I am a life insurance producer, and my principal source of business is the sale of life insurance products to retail customers. Some of the products I offer subject me to regulation by the Commission and the Financial Regulatory Authority ("FINRA").

I am an agent for New England Financial and President of Felsenthal Financial Services, a Tennessee corporation, which I own, that services employee benefit plans including group insurance plans, and retirement plans. I have been a licensed life insurance agent since 1963 with New England Financial after graduating from Princeton University in June of 1963. In the 1960s, I received my certified underwriter degree {CLU}, and a law degree from the University of Memphis, which I attended at night. In the 1980s, I became series 1 licensed to sell securities and variable life and annuity products through New England Securities. For a relatively short period, I was dual licensed through New England Securities and the broker dealer of National Financial Partners but for over ten years have been only licensed through New England Securities. Over 10 years ago, I was grandfathered as a registered investment adviser through New England Securities with the ability to sell wrapped investment products approved by New England Securities.

I have been a member of AALU for over 25 years, a member of the International Forum, a life member of the Million Dollar Round Table and one of only a very few life insurance agents that has been both a founding member of the Top of the Table of the Million Dollar Round Table and a member every year since it was founded.

My business is largely with small business clients, professionals, or individuals who were either associates of the professional practices, or associates of the businesses, or referred to me by either clients or other licensed agents.

Through the years, I have sold a large number of variable life insurance products including corporate owned variable life insurance policies. To a lesser degree, I have sold some variable annuities including some through tax qualified IRAs or SEPs. Unless asked by the client, I do not sell individual securities, unless asked, I do not sell many individual mutual funds but do sell some "wrapped investment products" through New England Securities through such organizations as Clarke Capital, Curian, or Brinker Capital.

When it comes to life insurance products, both fixed and variable, I do consider myself very knowledgeable. I also consider myself very knowledgeable when it comes to both fixed and variable annuities, but have not sold any "indexed annuities" or "indexed life insurance".

I value very strongly my client relationships and am very proud of the fact that several years ago I won the highest award that can be given by New England Financial to an agent for lifetime service to his clients.

With the financial turmoil within the financial community over the last three years, helping the client has become even more challenging and complicated. Within the insurance industry, this has been caused to some degree by the following:

Longer life expectancy of clients; the declining financial health of the insurance companies; the excessive leverage that was and is still being used by the insurance companies the raising of premiums by insurance companies for such items as long term care; the failure of insurance companies to lower the cost of the life insurance within their policies for existing policyholders to reflect the longer life expectancies; and the failure of insurance companies to offer existing policyholders improvements to their policies as they make the improvements for new policyholders.

Helping the client has also become harder because of the role that many banks, bank trust departments, and bank tellers are now playing in selling or replacing existing life insurance and annuity products and selling new life insurance and annuity products. Seeing trust officers of banks replace policies of their trust department with licensed insurance agents of their banks is fraught with “conflicts of interest”.

Helping the client has also become harder because of the role that many cpa firms are now playing in selling or replacing existing life insurance and annuity products. Seeing cpa firms replace existing life insurance and annuity products with “private placement” products, captive insurance companies, and standard stocks, bonds, registered investment products and advice, and mutual funds again is fraught with potential “conflicts of interest”. Seeing cpas sell existing life insurance policies as structured life settlements is also fraught with “conflicts of interest”.

I would put fiduciary standards on brokers, dealers, and investment advisers, including life insurance agents licensed to sell securities and investment related products, But Only if I also put the fiduciary standards on the following:

Insurance companies , including directors and officers; banks including trust departments employees; directors and officers of banks that sell insurance and investment products; tellers of banks that refer depositors to their insurance and investment departments; cpas that are in the insurance and investment business whether directly or indirectly through a subsidiary of the cpa firm; actuary firms that sell investment advice or design private placement type insurance or annuity products; and officers and directors of the investment banks such as Goldman Sachs, Morgan Stanley, Jefferies, etc.

As a 47 year participant in the financial service arena, I want to leave the future better than the past. Many persons serviced by the financial service arena are no better off than they were 10 years ago. From a financial standpoint, it has been a lost decade that neither the country nor the individuals could afford. I appreciate the opportunity to express my view relating to “obligations of brokers, dealers, and investment advisers. If you have any questions, please contact me at esfelsenthal@cs.com, or at 901-260-6455, or at 901-831-4873. These opinions are strictly my own and are not the opinion of any insurance company that I represent or am an agent for, or any association or group of which I am a member. I am happy to come to Washington at my own expense to give examples demonstrating why I feel the above actions are advisable at this time.

Respectfully submitted,

Edward S. Felsenthal, President, Felsenthal Financial Services