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Elizabeth M. Murphy  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

RE: "Study Regarding Obligations of Brokers, Dealers and Investment Advisers,"  
File No. 4-606

Dear Ms. Murphy,

Thank you for the opportunity to offer my comments on the issue of the regulatory standards of care for brokers and advisers.

I am the co-founder, and lead investment manager and portfolio manager of Monument Wealth Management in Alexandria, Virginia (with securities offered through LPL Financial). I felt compelled to write to you on this issue because I have come to realize that there is enormous confusion on the part of investors about what they should expect from their financial professionals.

There are many related issues that are worth examining, but I believe the "alligator closest to the boat" for investors is that they don't understand the difference between a registered investment adviser and a stockbroker. Even industry participants are not clear: Ask ten financial professionals the question, "what is an investment advisor?" and you might get ten different answers. Investors do not distinguish between the various licenses investment professionals hold and cannot understand what obligations are owed them on that basis. Investors deserve better, and harmonizing the regulatory systems under which broker-dealers and investment advisors operate would help.

The business model of my firm is fairly evenly split between fee-based and brokerage-based business. That said, every partner in our firm is a CFP or CFA charterholder, and as such, we are in the business of understanding and advising our clients based on their overall financial picture. We believe we have a responsibility to always be acting in the best interest of our clients, whether they are on the brokerage side or the fee-based side. The account code is irrelevant – if a client is a brokerage client and we purchase a security for him or her, we will monitor that investment on an ongoing basis, with a constant eye toward how and whether it fits in the client's overall financial goals. Since we have long-term relationships with our clients, we consider ourselves always acting in the role of a fiduciary.

I believe the SEC should require all investment professionals to act in the same manner – in a discretionary account, investment advisors and broker-dealers providing personalized investment advice should operate under a standard of care consistent with the fiduciary standard.

There are circumstances, however, in which a client may wish for a broker-dealer or investment advisor to simply execute trades. In those cases, the fiduciary standard should be tailored to that activity.

Consider, for example, a client with restricted stock subject to Rule 144. He wants to transfer shares in certificate form and deposit them in a brokerage account. There must be a mechanism by which clients can open accounts with my firm to house such investments without holding an adviser to a higher level of care. That said, the contract with such a client should clearly spell out – in plain English – that the investment professional is not operating as a fiduciary for that account. This will give such investors the flexibility to handle certain self-directed trades, and to operate with their own discretion, while clearly understanding the role and responsibility of the financial advisor.

In addition to addressing the issue of the application of the fiduciary standard, I would suggest the SEC consider some additional areas of harmonization:

- *Disclosures*: Investors' confusion over what duty they are owed by their investment professional is compounded by the copious amounts of unclear materials they receive. All new investment clients should be provided with a uniform, plain English disclosure brochure explaining the various services offered to clients, the nature of the firm's relationships with clients, the capacity in which the firm will act in providing various services (adviser vs. broker-dealer); material conflicts of interest, and material relationships. I personally believe it would give confidence to clients if the form, or at least some of its language, be uniform language generated by the SEC, rather than by the investment firm or professional. Additionally, I think it's worth considering a form which requires advisors and clients to explicitly "opt-out" of the fiduciary standard when opening aforementioned accounts used to custody securities that are not required to fall under the fiduciary standard.
- *Licensing and Recordkeeping*: Broker-dealers and investment advisors should have the same licensing requirements and the same recordkeeping requirements.

I commend the Securities and Exchange Commission for examining the issue of the obligations of brokers, dealers and investment advisors. Thank you for allowing me to provide my views on this subject.

Sincerely,

David B. Armstrong  
Monument Wealth Management