



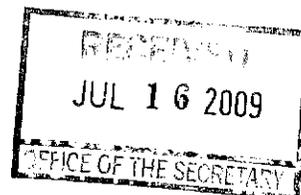
A Registered Investment Advisor

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July 10, 2009

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F. Street, N.E.
Washington, D.C. 20549-1090



Dear Mrs. Murphy:

Re: Proposed Custody Rule (IA-2876)

This letter is written in strong opposition to the above-proposed Custody Rule.

I have been a registered Investment Advisor since September 1995; I have been a lawyer since 1969 and my license remains active today. My first job as a lawyer was to serve as a Securities Regulator for the State of California.

It is important, indeed essential, that any rule be directed to an area of abuse/fraud; otherwise, a rule or regulation serves no purpose, and it would also drive up expenses where it is imperative that costs to the client remain as minimal as possible. Investment Advisor management fees are cost sensitive – the higher the fee, the more the client is adversely impacted and the client could be induced to leave an advisor if management fees become too high.

Most Investment Advisors debit clients' accounts for their management fees. Indeed, advisor who debit advisory fees from clients' custodial accounts are required by law to give simultaneous notice to the client of the debit transaction and how the management fees charged were computed. Thus, under current regulations, there is no disclosure issue and I am unaware of any abuse. I also point out that most clients follow their accounts online and will see the debit when it occurs. If there is a problem, a client will immediately call the advisor to discuss whatever issue they have.

Moreover, advisors who debit third party custodians have no access to the clients' funds which are maintained at the independent custodian. For this reason, these advisors are the least likely to commit any fraud or abuse. These situation are entirely unlike Madoff and many others who also act both as the custodian as well as the investment advisor.

The expenses of the audit associated with the proposed Rule are not hypothetical; they are for certain. Yet, they would raise the cost of managing a client's account, a result which would

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be highly injurious to the relationship between the advisor and the client, not to mention the fact the proposed Rule is completely unnecessary and unwarranted. The role of government is not to punish the client or the advisor with increased expenses. Indeed, on calm reflection, it is clear that such a result would be highly inappropriate.

For these reasons, and others that could be mentioned, we request that the proposed Custody Rule not be authorized.

Thank you for the opportunity to comment on the proposed Custody Rule.

Yours very truly,

A handwritten signature in cursive script that reads "Rick Stein".

Rick M. Stein, Principal