

Dear SEC:

I noticed that the SEC is seeking comments regarding brokers, broker dealers and investments advisers. I am submitting the following comment:

At end of 2003, Sam rolled-over his pension fund to an IRA account with A. Schwab. He consulted with and hired one of A. Schwab's investments advisers under Schwab's Private Client Program. Sam paid Schwab 50 to 75 basis points of his investment balance each quarter, depending on the mix of his investments. Sam followed his advisers advice without exception. Sam and the Schwab adviser had a firm understanding that Sam wanted a conservative , low risk portfolio. Sam paid Schwab several thousand dollars each year.

The adviser continually recommended a Schwab Ultra Short Bond Fund (SWYSX), which Sam purchased several times as well as other investments. Sam had a sizable investment in SWYSX, over 50% of his portfolio. Sam had been assured by his adviser that the fund was safe and met his needs for low risk (almost cash-like).Over time the NAV had fluctuated very little. In the summer of 2007, Sam noticed that the bond fund began to decrease in value. Sam contacted his investment adviser to find out if there was a problem. The adviser informed Sam that the issue would be short lived (some market re-pricing) , that his investment was safe, and since it was a short-term bond fund, the mortgage problem would have little impact.

Unbeknownst to Sam, Schwab had sizable investments in mortgage backed securities (MBS) in the Ultra Short Bond Fund. The fund's value decreased significantly. Sam had depended on his adviser to keep his portfolio safe. His adviser had failed and Sam withdrew from the Schwab Private Client Program. Sam wondered why he had been paying his adviser.

Sam sued A. Schwab to recover his losses. Sam was bound by his customer service agreement to use an arbitration panel as prescribed by FINRA rules. Schwab presented a case that made little sense to Sam. Schwab asserted that the fund name meant very little; that Schwab could change the mix of the fund without notifying the funds holders; the investment adviser was a broker, not an adviser; the adviser had no fiduciary duty to Sam; the adviser had no conflict of interest, even though Schwab made millions on the SWYSX fund. The adviser stated that he did not know that the fund contained sizable investments in MBS. The FINRA panel ruled against Sam. Sam had learned a lot; most of the news was unbelievable. Sam knew that he could never trust Wall Street or investment advisers again. The system was stacked in favor of Wall Street; Sam was too naive to play on Wall Street.

FINRA: The FINRA arbitration process should be eliminated. The panel has reason to be biased in favor of Wall Street. The small investor selects the panel only once; wall Street selects the panel numerous times. It is reasonable to assume that if someone wants to be selected numerous times, they would rule in favor of Wall Street. Sam submitted many documents that seemed irrelevant. Also, the panel is not required to explain their decision. Sam felt that his lawyer present his case brilliantly. The panel was not required to explain where Sam had failed or Schwab had succeeded. This makes very little sense. After hundreds of hours and expense by both Sam and Schwab, how could the panel not be required to defend their ruling. Without the panels rationale, there no grounds for appeal, which would actually be an additional waste of money. In the end, Sam felt that he was fighting the system; it's like fighting City Hall.

Sam seems to be aware that the SEC fined Schwab for their handling of the Ultra Short Bond Fund. That does not help Sam recover any of his losses. If Schwab has done something wrong, the investors should be reimbursed for their losses. It would be helpful if the SEC would accept complaints from investors and if enough complaints came in on a certain issue or fund, the SEC would investigate the complaint. The complainer's would become informed as to the validity of their complaints, and punishment and rewards would doled out accordingly. Any industry policing itself does not work! Class action law suits better than nothing, but not by much.

After watching numerous hearing on CNBC about the financial crisis, it is clear that Wall Street cannot be trusted. Goldman Sachs actions speaks for itself, to everyone except Goldman. It is unbelievable that Warren Buffet thinks that Goldman's actions were acceptable. Every small investor should be worried, but what are he alternatives. Just give us a level playing field.

Thank you for your efforts.