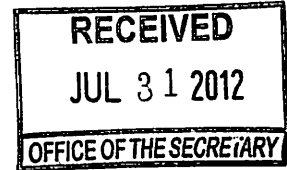


Family Investment Advisory, LLC

Edward W. Murray, MBA, CLU, ChFC



July 26, 2012

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

Dear Ms. Murphy,

Regarding the proposed regulations requiring Registered Investment Advisors to join SRO's, I would like to state my objection. It is unnecessary and will severely restrict access to advisors for all investors with relatively small accounts and retirement funds. Advisors serve an important service to small, unsophisticated investors in particular and are regulated by the states if assets under management are not in excess of \$20 million.

Fees associated with SRO's are already thousands of dollars per year and by adding regulatory functions will bring the annual costs up beyond affordability for small advisors. A small advisor may generate anywhere from \$20k to \$50k in annual billing depending on accounts' assets. The addition of a \$5000 or more operating charge is unacceptable and would necessarily reduce the number of advisors catering to small investors. These small investors need help even more than the millionaire. The small investor will be irreparably harmed with this legislation.

Attached is a copy of a letter I sent to some legislators. It outlines the problems.

Please consider the destructive nature of the proposed legislation (H.R. 4624) in its current form or any variation. Existing laws and regulations are more than adequate.

Sincerely,

A handwritten signature in cursive script, appearing to read "E. Murray".

Edward W Murray, RIA, MBA, ChFC

14 Swan Street, Everett, MA 02149
(617) 387-5020 fax (617) 387-5242

Family Investment Advisory, LLC

Edward W. Murray, MBA, CLU, ChFC

May 22, 2012

Hon. Edward Markey
2108 Rayburn House Office Bldg
Washington, DC 20515

Dear Mr. Markey,

In regards to H.R. 4624, presented by Congressmen Bachus (AL), McCarthy (NY), Schwiebert (AZ) and Stivers (OH); I would like to express my objection to the legislation.

The purpose is to force all Investment Advisers into SRO's. The fees associated with these types of organizations are exorbitant. All clients of small Advisory firms would necessarily be hurt. The small adviser that can cater to small investors knows the client, and the client knows the advisor. This relationship, especially to the small investor, is of the utmost importance, guaranteeing fair and open treatment of all accounts. The unnecessary costs associated with a national SRO proposed in the legislation will only serve to push small advisors out of the market relegating the small investor to large firms or unable to find an advisor at all.

It is certain that the small investor with less than \$50,000-\$100,000 is in desperate need of competent investment advice, possibly even more than the millionaire. They are hesitant and apprehensive about investing in the market and with the increasing need for accumulating funds for the future, a trusted adviser is essential. The close relationship these investors require cannot be met by advisers with many hundreds of clients, knowing little about the person or family except what can be gleaned from cursory suitability and risk profiles. A quick search for investment advisors catering to individuals with less than \$100,000 to invest reveals few if any that accept such clients. Most IA firms require a minimum of \$250,000 and charge them higher fees until the account exceeds \$1 million.

I have 30 years experience as a series 7 broker and have recently set up a fee-only investment advisory to serve small investors. I would have to at least double my fees to pay the projected costs of the SRO as described in the letter sent by the Massachusetts Secretary of State, William Galvin. This only lowers the total return to the client. As it stands, the cost to join an organization such as the Investment Adviser Association exceeds \$3600 (as an SRO these fees would certainly skyrocket). The income generated by 50 clients with \$50,000 each is only about \$25,000. How can such a cost be mandated in good conscience? The standard brokerage costs to these clients, if they are forced out of fee-only advisers, could exceed \$100,000 in trading fees and commissions assuming trades averaging \$10,000 and \$20-30 security prices held for 1 year or less.

As an investment adviser, I am already regulated by the State Securities Division. This law should only apply to SEC regulated firms with more than \$20 million in managed assets, if at all. It is a poorly thought out law that would stifle competition and raise costs to an underserved category of investors; those with smaller portfolios, needing a close relationship with an advisor.

There are approximately 500 advisers registered in Massachusetts alone with 100 or fewer clients that will be seriously jeopardized along with their thousands of investors. Perhaps 1000 or more jobs will be at risk. Small IA's are not custodians and this legislation is unnecessary and overreaching.

Sincerely,

Edward Murray

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