ROBBINS
CAPITAL MANAGEMENT

Robert S. Robbins
President
bob@robbinscapitalmanagement.com

4217 Carmain Drive
Atlanta, GA 30342

404.995.8559 *tel*
404.995.8557 *fax*
404.313.2453 *cell*

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

RE: Proposed Amendments to Rule 206(4)-2
Release No. IA-2876
File No. S7-09-09

Dear Ms. Murphy:

Robbins Capital Management appreciates the opportunity to express its views in response to the Securities and Exchange Commission's (the "Commission") request for comments on the proposed amendments to Rule 206(4)-2. Our firm was registered with the SEC audited by the SEC earlier this year. Our firm is now registered in the State of Georgia, but is quite likely to register again with the SEC as our firm's assets grow from about $22 million currently to $30 million once again.

Under proposed SEC Rule 206(4)-2 our firm would be deemed to have custody solely because we have the authority to deduct advisory fees from our clients' accounts, all of which are maintained by an independent, qualified custodian. We strongly believe that the portion of the proposed Rule which would require advisers with this form of custody to undergo an annual surprise audit, to be unreasonable and unwarranted.

As required by current Rule 206(4)-2, the independent qualified custodian maintaining our clients' accounts delivers account statements, on at least a quarterly basis and in our case a monthly basis, directly to clients -- identifying the amount of funds and securities at the end of the period as well as all activity in our clients' accounts. As a result, our clients receive comprehensive and reliable account information directly from the qualified custodian and are thus able to monitor the activity in their accounts. Furthermore, our clients agree, in writing with the Custodian, that the custodian is legally responsible for their funds and that only our advisory fees will be transferred to us – not any other funds.

Accordingly, the safekeeping measures currently required by Rule 206(4)-2 provide our clients with the ability to sufficiently identify and detect erroneous or fraudulent transactions. It is also our understanding that abuses in the industry have not generally resulted solely because of arrangements whereby advisers have the authority to deduct fees from accounts maintained at qualified independent custodians. The absence of such actions supports our position that the safeguards mandated by current Rule 206(4)-2 are sufficient to deter advisers from engaging in fraudulent conduct.

Furthermore, the cost associated with an annual surprise audit would cause a financial strain on our company, the cost of which would most likely be passed on to our clients in the form of higher advisory fees, which is not in the best interests of our clients.

In addition, as we imagine would be the case with other advisers, in the event we were unable to absorb and/or pass on the costs associated with an annual surprise audit, we would be forced to eliminate the direct debit of fees and instead require clients to pay our advisory fees directly. This would require a complete revamping of operations and would increase overhead costs. More importantly, in many cases, such a change in billing practices would confuse clients and require them to reorganize their banking arrangements, thereby adversely affecting our clients. Clients would also be deterred by their own extra work from investing with entrepreneurial investment managers and thereby shift investments to big mutual funds. Small business – not big business -- has generated most jobs.

Given that existing safeguards in place are adequate and considering the adverse effects of a mandatory surprise audit on advisers as well as clients, we respectfully request that the Commission leave current Rule 206(4)-2 intact and unchanged with respect to advisers who have custody solely because they have the authority to deduct advisory fees from client accounts.

Alternatively, in the event that the Commission resolves to require surprise audits, we believe that the Commission, not advisory firms, should pay the cost of such audits by conducting the audits themselves or contracting with independent auditors. The SEC has the responsibility and budget to audit advisors and to collect settlement fees from violators. The SEC must budget itself, as does private enterprise. Private enterprise generally suffers under excessive, inefficient, and ineffective government regulation, especially the 50% marginal tax rate burden (including all taxes direct and indirect) on many investment managers. Hence, it is the SEC's responsibility to budget itself and improve itself. In our view, the SEC would thereby have prevented many more scandals, including the Bernard Madoff Ponzi scheme, without burdening compliant managers with needlessly increased costs and regulation.

We thank the Commission for the opportunity to comment on this matter.

Respectfully,

Robert S. Robbins