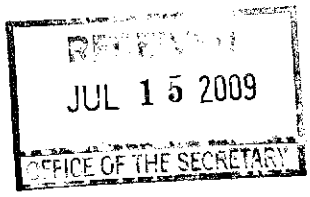
SALIENT FRIEDMAN

July 8, 2009

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:

Salient-Friedman Wealth Management, LLC appreciates the opportunity to express our views in response to the Securities and Exchange Commission's request for comments on the proposed amendments to Rule 206(4)-2.

We are opposed to the requirement in the proposed amendments to Rule 206(4)-2 that would subject investment advisers who have custody solely because they have the authority to deduct advisory fees from clients' accounts to a surprise audit by an accounting firm.

As an investment adviser registered with the SEC under Rule 206(4)-2, we are deemed to have custody solely because we have the authority to deduct advisory fees from our clients' accounts. All of our accounts are maintained by an independent, qualified custodian or are pooled investment vehicles from which our clients receive direct audited reporting from the general partner. We strongly believe that the portion of the proposed amended Rule that would require advisers with this form of custody to undergo an annual surprise audit is not warranted and is not an effective regulatory response to recent fraudulent events in the industry.

As required by current Rule 206(4)-2, the independent qualified custodian maintaining our clients' accounts delivers account statements directly to clients, on at least a quarterly basis. Statements identify the amount of funds and securities at the end of the period as well as all activity in our clients' accounts (including management fee debits). As a result, our clients receive comprehensive account information directly from the qualified custodian and are thus able to monitor the activity in their accounts. Furthermore, our clients agree in writing, in our investment advisory contract, that our advisory fees will be deducted directly from their advisory

accounts. 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 (including each of those cited in "Item II – Discussion", footnote 11) have had nothing to do with fees deducted by investment advisers with independent reporting by qualified custodians, but rather all of the cases (at least partially) involved the direct custody of client assets by the advisory firm in question. The absence of such abuses in investment advisory arrangements such as ours supports our position that the safeguards mandated by current Rule 206(4)-2 are sufficient to deter advisers from engaging in fraudulent conduct.

Were the proposed amendments to be added to the Rule, the cost associated with an annual surprise audit would cause a financial strain on our company, which would most likely be passed on to our clients in the form of higher advisory fees, which is not in their best interests. In the event that 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 to us through an invoicing system. This would require a complete revamping of operations and would likely confuse clients.

Even if we were able to incorporate the additional audit requirements or adjust our billing practices, the proposed regulations would reduce our time available to assist clients during the ongoing financial crisis, to their detriment.

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 authority to deduct advisory fees from client accounts.

In order to enhance consumer protection, we would support Congress appropriating additional resources to the SEC to hire and train additional examination staff and for the Commission to increase the regular audit cycle of investment advisers.

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

Respectfully,

Richard A. Stone, CLU, CFP®
CEO

Gregory H. Friedman, MS, CFP®
President