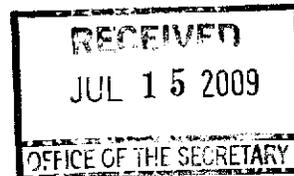




July 9, 2009

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:

As the owner of G.L. Smith & Associates, a Registered Investment Advisor, I appreciate the opportunity to express my opinion concerning the proposed amendments to Rule 206(4)-2.

As I understand the amendment, we are deemed to have custody solely because we have the authority to deduct advisory fees from our clients' accounts. However, we hold no accounts or client money or securities and we are already required to supply an independent audit.

Obviously, the custodian delivers all required confirmations and statements to the client, at least quarterly. Therefore, the client has full knowledge of all transactions in his or her account from an independent third party. This authorization to withdraw the management fee is agreed to and signed by the client and your SEC audit reviews those accounts and fees.

As long as all money and securities are held by a qualified third party and the client has verification of all transactions, additional audits would be superfluous and a major financial burden for small firms such as G. L. Smith & Associates.

If such a fee is introduced, we will have little recourse but to reduce the benefits, such as health insurance and 401-k, which we now provide to associates or to raise our fees to the client. Both of these results will be harmful to the client, the industry, and RIA firms.

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

Sincerely,

Gregory L. Smith

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