

July 15, 2009

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

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

Dear Ms. Murphy:

Thank you for the opportunity to express my views in response to the Securities and Exchange Commission's request for comments on the proposed amendments to Rule 206(4)-2.

As a member of the FPA and an officer of Creative Capital Management Incorporated, an SEC-registered investment adviser, I am writing to voice my opposition to the requirement in the proposed amendments to the custody rule that would subject investment advisers to a surprise audit by an accounting firm, if they deduct advisory fees from clients' accounts, all of which are maintained by an independent, qualified custodian.

As required by current Rule 206(4)-2, the independent qualified custodian of our clients' accounts (Charles Schwab and Company) delivers account statements at least quarterly directly to our clients. These statements indicate the amount of the funds and investments at the end of the reporting period as well as all activity in our clients' accounts. Thus, our clients receive detailed information about their accounts directly from Schwab and can monitor all activity in their accounts, including the deduction of advisory fees which our clients agree in writing will be deducted directly from their accounts.

This proposed requirement seems to have resulted from political reaction to public criticism of the SEC and congressional pressure after the Madoff scandal versus a result of effective regulatory response. I believe that the safekeeping measures currently required by Rule 206(4)-2 provide our clients with the ability to sufficiently monitor and detect any erroneous or fraudulent transactions. Furthermore, it is my understanding that abuses in the financial services industry have not generally resulted solely because investment advisers have deducted fees from accounts maintained by qualified independent custodians. I submit very few, if any, problems have arisen in this particular area and that Ponzi schemes do not involved misappropriation of client funds through the charging of fees.

I completely agree that investment advisers must custody client funds at an independent custodian, as we do. I also believe that the investing public should be more discerning when placing funds with any individual merely because he or she belongs to the same congregation, golf club or promises unrealistic returns on their funds. I submit that no legislation can completely protect investors from unmitigated greed or a follow- the -crowd mentality. In

addition, such a surprise audit would take us away from our core focus-which is to put our clients first in all of our work. Simply put, I don't believe laws can effectively create integrity in human beings. Investment advisers **must** put their clients first in every respect and embrace honesty and full disclosure just because it is the right thing to do, irrespective of any laws or regulations. Should this change be implemented requiring surprise audits by qualified CPA firms, the cost to our small firm would be damaging. We would more than likely have to increase our fees to cover this cost which is not beneficial to our clients. In addition, our time and attention would be diluted by having to calm clients who may become worried when contacted by the SEC and or the auditing firm to verify the custody of their funds and other aspects of their portfolios.

If we were forced to eliminate direct debit of fees and instead bill clients directly, our operations would have to be revamped which would create additional overhead costs. In addition, clients would be confused and in some cases, irritated that we have added yet another level of complexity to their lives.

In summary, to implement this change would be costly, time-consuming and frighten our clients. Moreover, in my opinion, this change isn't warranted by findings from prior SEC audits. Therefore, I 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 written client authority to deduct advisory fees from client accounts.

Thank you again for the opportunity to comment on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Margaret F. Eddy".

Margaret F. Eddy  
President