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July 17, 2009

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

Re: File No. S7-09-09, Release No. IA-2876

Dear Ms. Murphy:

I am writing to express our firm's opposition to the SEC's proposed amendment to the Custody Rule, Release No. IA-2876. Our firm is registered with the SEC and I am a member of the Financial Planning Association (FPA) and a CERTIFIED FINANCIAL PLANNER™ certificant.

Certainly, everyone is shocked and saddened by the Ponzi scheme headlines that covered Madoff and other dishonest investment advisers. While the headlines are shocking, they misrepresent the professional integrity of 99.9+ percent of investment advisers serving the public.

The proposed regulation, while well intended, will in fact harm the general public rather than serve them. The current custody regulations that allow for the debiting of advisory fees from client accounts is an efficient and inexpensive way for advisers to collect their compensation. The practice has been in place for years and has not created any fraud issues in its practice.

If all registered investment advisers who debit fees from client accounts are required to pay for an outside audit, typical advisory firms will be subject to a minimum of a \$10,000 audit fee. I would estimate that the audit fee for larger firms could exceed \$50,000 due to their multiple locations. The collective millions of dollars of audit fees required by these regulations will be passed on to the general public as increased expenses that advisers will incur to serve their clients. In addition, the administrative time required by advisory firms to prepare for and respond to audit requests, will also be extremely burdensome and will take time away from the effective servicing of clients.

Rather than requiring expensive and unnecessary third party audits, a better solution would be to strengthen and amend the current custody rules to ensure that clients receive

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third party custodian verification of their account balances. The SEC could require that all registered investment advisers custody client assets at custodians that provide statements to clients on not less than a quarterly basis *without exception*. The issue with Madoff and others was that clients had no way of verifying where their assets were held because most Ponzi perpetrators typically deposit client assets in their firm's accounts and not in individual investment accounts at third party custodians.

A better approach to serving the public would be to toughen the standards for qualification as a registered investment adviser. Raising the professional standards of our profession would be a better approach than additional burdensome regulation. Swindlers, such as Madoff, are not deterred by regulations.

Please reconsider the regulation that I and my colleagues consider to be reactionary, overreaching and ineffective. Thank you for considering these comments.

Sincerely yours,

A handwritten signature in cursive script that reads "C. Scott Houser".

Scott Houser  
Chief Compliance Officer