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*SEC REGISTERED INVESTMENT ADVISOR*

July 24, 2009

TO: Securities and Exchange Commission
RE: Comments Regarding Proposed Changes to Custody Rule

To Whom it May Concern:

My name is Gary T. Jeffers, and I am the Chief Compliance Officer for ITS Asset Management, L.P. I believe that my background is relevant to my comments, so please bear with me as I present my qualifications as concisely as possible.

I am a CPA with 27 years of experience in the public accounting industry plus 9 years in the investment industry, including about 4 years as Chief Compliance Officer. Almost every public accounting engagement involves assessing risk in an attempt to avoid incorrect financial statements and/or incorrect tax returns. Therefore, I believe my years in public accounting qualify me to comment on the proposed change to the custody rule which the SEC feels is necessary to further reduce investor risk.

1. An investment advisor that uses independent custodians poses limited, if any, "Madoff type" risk to investors. All of our firm's data as to transactions, balances, positions, pricing, etc. is downloaded directly or indirectly from the independent custodians. The custodians also send statements directly to the investors. Thus, an audit will do nothing more than verify that we are able to download information correctly from the custodian. It provides little or no investor protection.
2. Our third-party data management system independently checks pricing with independent sources each month. Thus, we perform a limited audit of the custodian every month. This adds significant investor protection.

3. Performance is consistently reviewed with an independent source. This provides an important and significant check on the accuracy of the custodian's record-keeping.
4. The key words are "independent custodians" and "independent RIA's." We act as a check and balance on each other with the client providing a final check on the both of us. No audit function is as effective as this investor review.
5. The ability to liquidate fees poses limited risk to investors and certainly not "Madoff type" risk.
6. The estimated audit cost is more than significantly understated for RIA's that manage money on a large number of platforms.

In summary, the audit requirement makes a lot of sense for the few RIA's that <u>do not</u> utilize independent custodians and that <u>have the ability</u> to alter all account and performance information provided to their clients. However, to apply this to RIA's that manage client accounts held at independent custodians that report directly to investors is a huge waste of time and money.

Sincerely presented,

Gary T. Jeffers

Gary T. Jeffers
Chief Compliance Officer