
KERWIN-BELEY & ASSOCIATES, INC.

REGISTERED INVESTMENT ADVISOR

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July 27, 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
File No. S7-09-09

Dear Ms. Murphy:

As a registered investment advisor (RIA) with KERWIN-BELEY & ASSOCIATES, INC. I would like to express my opposition to the surprise audit requirement of the proposed amendments to Rule 206(4)-2 (the "Custody Rule").

During the several decades we have been in business the regulatory burden has increased substantially as have the incidents and size of frauds. As a small firm, two principals and one support staff, these increased regulations put a severe strain on our time and resources and hamper our ability to deliver quality service to our clients.

All of our clients have the choice of writing a check for our fee or having our fees deducted quarterly from their account. Almost all of our clients prefer to have their fees deducted, except for the few who prefer check writing for the tax advantage. Furthermore, our clients agree, in writing, that our advisory fees will be deducted directly from their advisory accounts. Each time we deduct a fee the client receives a written notice from us. Our clients understand and appreciate the current system. Should you adopt the proposed rule our clients would likely not appreciate the business changes we would need to adopt.

Unlike the circumstances in the recent grand fraud we use an independent qualified custodian, which delivers account statements, on at least a quarterly basis, directly to clients, identifying the amount of funds and securities at the end of the period as well as all activity in our client's accounts. 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. Since we are limited to only deducting our fees this would seem to provide adequate notice and protection.

We request that the Commission leave current Rule 206(4)-2 intact and unchanged with respect to advisors who have custody solely because they have the authority to deduct advisory fees from client accounts. Thank you for considering our request.

Respectfully,
James F. Beley
