July 28, 2009

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Amendments to Custody of Funds or Securities of Clients by Investment Advisers (File No. S7-09-09)

Dear Ms. Murphy:

Summit Investment Advisors, Inc. appreciates this opportunity to comment on the Securities and Exchange Commission's proposed amendments to Rule 206(4)-2 under the Investment Advisers Act of 1940 regarding registered investment advisers and custody of client funds (Custody Rule). We understand and support your goal in these amendments to provide additional safeguards over client assets. Given recent high profile breaches in trust and significant frauds perpetrated by investment advisers, it is critical that investor confidence in the system be restored and maintained. The proposed amendments to the Custody Rule include the following topics:

- Annual Surprise Examination of Client Assets
- Custody by Adviser and its Related Persons
- Delivery of Account Statements and Notice to Clients
- Amendments to Form ADV and Form ADV-E

Generally, we are supportive of these amendments and have no comment on the proposed amendments, ***with the exception*** of the requirement to engage an independent public accountant to conduct an annual surprise examination when advisers are deemed to have custody solely as a result of their authority to withdraw advisory fees from client accounts.

Control over client accounts associated with the withdrawal of advisory fees has not presented itself as a widespread or significant risk for abuse or fraud as have other aspects of custody addressed in the proposal. Under current guidance, advisers are required to obtain written authorization from clients to withdraw fees, provide an invoice showing the calculation of the fee, and (under rules for Form ADV) undergo a balance sheet audit if the amount of an invoice exceeds $500 and the term for services exceeds six months. The actual deduction of fees also would be reported on the custodian's statement and on client reports. Therefore we question whether providing "another set of eyes" over the administration of payment of client advisory fees would significantly advance your stated goal. Alternative controls, such as a certification from

the Chief Compliance Officer or a periodic Internal Audit review, also could provide additional control over these procedures, if desired.

Finally, we are concerned that the cost of a proposed surprise examination would increase the administration cost of investment programs to a much greater degree than the benefits derived. The $8,100 estimated cost included in the Cost Benefits Analysis section of the proposal is, in our opinion, a very low estimate. We believe that the actual cost will be much higher and be greatly influence by the number of clients in an advisory program and the firm selected to complete the examination. An unintended consequence of an increase in the fixed cost structure of an investment program is the possibility of increased fees or minimum investment levels and a resulting reduction of access to professional investment services for smaller investors.

In light of these concerns, we encourage the Commission to continue to review fully the implications of proposed amendments to the Custody Rule and to address any unintended consequences for, or impediments to, the effective control over investment advisers' operations and the custody of client assets.

* * * * *

We look forward to working with the Commission as it continues to examine these issues. In the meantime, if you have any questions, please feel free to contact me directly at (513) 632-1681.

Sincerely,

Thomas G. Knipper
Chief Compliance Officer