

Lifetime Strategies, LLC

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M. Barry Erwin, CPA/PFS

August 21, 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 Release No. IA-2876 File Number S7-09-09

Dear Ms. Murphy:

My firm is a small single member LLC (RIA) firm. I am not yet large enough to be registered with the SEC, but hope to be in a year or so.

As a registered investment advisor (RIA) I would like to express my view of the proposed amendments to Rule 206(4)-2 (the "Custody Rule"), specifically the surprise audit requirement proposal.

While I strongly support the SEC's efforts to further protect the investing public, I oppose the surprise audit proposal in the context of RIAs using independent qualified custodians for their clients' assets or securities who are only deemed to have custody because they have fee withdrawal authority. Our fees are spelled out in the ASSET MANAGEMENT AGREEMENT which every client agrees to in writing before we open their account.

As required by current Custody Rule, the independent qualified custodian maintaining our clients' accounts delivers account statements, on monthly basis, directly to our clients, identifying the amount of funds and securities at the end of the period as well as all activity in our clients' accounts. As a result, our clients receive comprehensive account information directly from the qualified custodian and are able to monitor the activity in their accounts. These safekeeping measures provide our clients with the ability to sufficiently identify and detect erroneous or fraudulent transactions.

In addition my firm provides a more comprehensive monthly statement to clients which is reconciled and agrees with the custodian's statements to them. Also my custodian provides a web portal directly to my clients' accounts. Clients who desire may view, and trade in their accounts any time they wish.

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Although we are deemed to have custody because of our fee withdrawal authority, our clients' assets are held at an independent custodian, which is already subject to annual audit requirements performed by an independent public accountant. As a result, mandating surprise audits of firms like ours by an independent public accountant would provide little benefit to our clients, but the costs to RIAs like us would be substantial.

The financial constraints imposed by this proposal would leave us with three viable options: 1) pass on the cost in whole or in part to our clients in the form of higher advisory fees, 2) revamp our model to no longer deduct advisory fees from client accounts but instead require clients to pay our fees directly resulting in increased costs, operational inefficiencies and inconvenience to clients, or 3) absorb the excess costs which would put undue and needless financial strain on our business. All of the above options threaten to divert resources and attention from other client focused activities.

I believe the surprise audit requirement for RIAs deemed to have custody of client assets solely because they have fee withdrawal authority would entail relatively high costs to the advisor community and relatively little benefit to investors, as such, I respectfully request that the surprise audit requirement for these RIAs be withdrawn. Instead, I propose alternative measures to enhance investor protection such as the four-pronged recommendations made by TD AMERITRADE to the SEC:

- (i) Require RIAs to give fee notifications to clients at or about the time fees are withdrawn from client accounts through independent custodians
- (ii) Provide clear fee guidance as to the maximum permissible advisory fee rate that an RIA can deduct through independent custodians
- (iii) Conduct more frequent inspections of RIAs, with more focus on custody matters
- (iv) Require RIA chief compliance officers to conduct an annual custody review and related certification to the SEC

If the above or a similar approach is taken, I am also in agreement with TD AMERITRADE that the Custody Rule should be revised to eliminate the fee deduction authority test as a basis for establishing advisor custody. I thank you for the opportunity to comment on this matter.

Respectfully,

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