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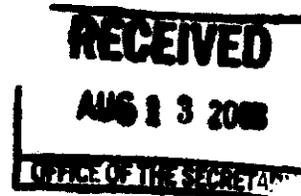
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File No.: S7-14-08

Dear Sir:



The Alabama Securities Commission believes that Rule Proposal 151A (File No. S7-14-08) reflects the SEC's new commitment to seniors. The SEC's efforts in this area are a milestone to promote industry sales practices that will ensure suitability and fair disclosure for the protection of seniors and their assets. We are most appreciative of these actions and believe that implementation of this Rule will have a tremendous effect on protecting all those who are pitched equity indexed annuities.

We firmly believe EIAs are securities from the standpoint of legal and economic analysis. They are almost invariably marketed as investments, impose multiple forms of economic risk on the purchaser, and offer variable returns that are linked to the performance of stock market indexes – subject, of course, to the unilateral changes of the issuer at any time.

We have seen throughout the U.S. that EIAs are often sold through the use of abusive sales practices and a high percentage of the victims are our most vulnerable investors, our senior citizens. The passage and implementation of this proposal recognizes that EIAs must be subjected to regulation as securities so that all investors are protected by the strong disclosures, anti-fraud and suitability standards available under the securities laws.

A recent enforcement survey of state securities regulators indicates that 35% of all cases of senior exploitation involved variable or equity indexed annuities. In some states, well over half of all senior fraud cases involved variable or equity indexed annuities. The numbers alone support the view that investors need the disclosure and sales practices protections afforded by federal securities laws.

Our state's experience with the deceptive marketing of these products is shared by FINRA. A Regulatory Warning in August 2005 also confirmed that EIAs are typically portrayed as investments. For example, FINRA's NTM 05-50 voices a pointed concern "about the manner in which associated persons are marketing and selling unregistered EIAs and the absence of adequate supervision of these sales practices." [NTM 05-50 at 2.]

With the passage and implementation of this Rule, there will be many citizens in the future who will be saved from financial ruin.

I applaud Chairman Christopher Cox and the Commission for proposing said Rule and we trust that the Commission and the Commission staff will maintain the fortitude to do what is right for the American public and their futures.

Sincerely,

Joseph P. Borg
Director

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