

Bravo to the SEC!! You are concerned with the ongoing abuse of seniors by unethical agents who are selling Equity Indexed Annuities during "free lunch" seminars. I have read release number 33-8933 in its entirety and unless I missed other examples, you have listed general concerns with the exception of this statement:

"Patricia Struck, then President of the North American Securities Administrators Association ("NASAA"), identified indexed annuities as among the most pervasive products involved in senior investment fraud.25"

Therefore, I am led to believe that this proposed rule has come about from this one concern since it's the only specific example mentioned. Any American should be upset and concerned about the abuse of our senior citizens. As Chris Hanson from Dateline did such a magnificent job in his hack journalism, senior citizens are clearly being preyed upon those of us who sell EIAs. Let me begin with my objections right here. I thought good journalism showed both sides of the story. However, not once during the Dateline segment did they interview a person who was happy with the purchase of an EIA. Does that mean that they couldn't find a person who was happy? Certainly not. The absence of a happy consumer just goes to show that Dateline/Chris Hanson had an agenda. That agenda was to show the negative effects a few individuals have had on senior citizens. Were those agents unethical? Most likely. I would have to see the whole interview process to know for sure. Should those agents be punished? Again, most likely. And again, I would have to see the whole interview process to know for sure. Should the actions of a few agents be cause for sweeping changes? Absolutely not!!! If that were the case, every time a politician, teacher, lawyer, doctor or any other professional acted inappropriately, everyone in that occupation should be punished.

Next you "request comment on whether our proposal would be a "major rule" for purposes of SBREFA". By definition of SBREFA, "a rule is "major" if it results or is likely to result in:

An annual effect on the economy of \$100 million or more". Let me give you your answer. "Indexed annuity sales for 2006 totaled \$25.4 billion and \$24.8 billion in 2007". This was found on page 10 of release number 33-8933. And "As sales have grown in more recent years, with sales of \$24.8 billion and total indexed annuity assets of \$123". This was found on page 14 of release number 33-8933. Therefore, I would say it's safe to say that the required \$100 million or more mark will be exceeded.

Perhaps the most outlandish statement in the whole release is this:

"This growth has, unfortunately, been accompanied by growth in complaints of abusive sales practices" page 8.

Let me ask a very simple question. If there were more cars being sold in America, would there be more accidents? Would there be more thefts? Would there be more deaths in cars? Would there be more flat tires? Would there be more cars that turned out to be lemons? Would there be more cars broken down? The answer of course is yes. Therefore, how is it fair to say that due to the increased sales of EIAs, there are more complaints? It's not fair. It's just supporting your agenda. I challenge you to compare percentages of complaints from the first year EIAs were sold to the complaints in 2007. That will paint a more accurate picture of the problem that is supposedly prevalent. By simply stating there are more complaints now puts you in the same category as hack journalist Chris Hanson. You have an agenda and will only use facts that support your agenda.

Another ridiculous comment in the release is this:

"Individuals who purchase such indexed annuities assume many of the same risks and rewards that investors assume when investing their money in mutual funds, variable annuities, and other securities" page 6. Simply put, how is this statement true? Let me give you a definition of "risk". Exposure to the chance of injury or loss. Unless one of those unethical and immoral agents beats a senior citizen in the head for not purchasing an EIA, I would say it's safe to say an EIA consumer is safe from injury. Therefore, let's look at the "loss" part of that definition. A good definition of loss is the state of being deprived of or of being without something that one has had. If you can show me an EIA where a consumer has lost part of their investment while fulfilling their terms of the contract, I would show you an EIA that is not an EIA. My point is you won't find an EIA where a client has had an investment loss like you will find in mutual funds, variable annuities and other securities. Therefore, to say that a person who purchases an indexed annuity assumes the same risk and rewards that investors assume from mutual funds, variable annuities and other securities is absolutely wrong.

Let me give you another product that you can go after next. The North Carolina State Employees Credit Union (NCSECU) has a Bridge Account for people who want to earn interest based on the performance of the S&P 500. <http://www.ncsecu.org/Investments/BridgeAccount.html>

Although this is not an annuity, the SEC should be concerned about abuses occurring to members of the NCSECU. Clearly, they are taking advantage of their members by offering them a way to earn more interest than a traditional savings account without having to take the risk of investing directly in the stock market. The audacity of NCSECU for doing this. They should be ashamed!

This proposal is another example of big government doing their best to limit the capitalistic nature of our country. Instead of addressing the actions of a wayward group, you have decided to make sweeping changes to the ways EIAs are marketed and sold. Surely, you won't find any example of senior citizens

being abused by license and registered securities representatives!! By registering EIAs as a security and thinking that will solve the problems of seniors being sold these products, just goes to show how out of touch this commission is with the reality of what goes on in America. I believe that choices foster a competitive spirit which leads to growth. Limiting choices limits growth. Best of luck to limiting the choices that consumers have in purchasing EIAs. Chairman Cox, at age 55, there is a good chance that in the next 10 years, you will be in search of a safe investment where you can earn more interest than a standard fixed annuity or savings account. With your experience and knowledge of financial instruments, you will certainly be able to navigate your way through that decision making process to find an adequate investment. However, if you were an average American without your experience and knowledge, that would no doubt be a daunting task. If this commission is successful in getting this proposal to a rule, I guarantee you that the average American will have limited choices in a safe investment that will give them higher interest than a standard savings account. I only hope that they can seek out your advice to help them find an adequate investment since your restrictions will have limited their choices. Maybe by then our big brother (the federal government) will be telling us where we can invest any of our money. That seems to be the road we're going down now.

*In the spirit of full disclosure, let me point out there are several places where sarcasm is used to make a point. I do hope that in your reading of my comments that you are able to identify the sarcastic comments from the serious comments.