



John Hoeven
Governor

Karen Tyler
Securities Commissioner

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OFFICE OF THE SECRETARY

Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: File No. S7-14-08

Dear Sir:

The North Dakota Securities Department strongly supports the U.S. Securities and Exchange Commission's Rule Proposal 151A related to the classification of equity indexed annuities (EIAs). The proposed rule would serve to close a regulatory gap, which has been proven particularly harmful to senior investors.

The sale of EIAs has risen dramatically since 1995, when they first appeared on the market. As sales have risen, state securities regulators, as well as the SEC and the self regulatory organizations, have received an increasing number of complaints about EIAs. According to a recent NASAA enforcement survey, 34% of all cases of senior exploitation reported to state securities regulators involved variable or equity indexed annuities. These are complex products and clearly our investors need the strong disclosure, anti-fraud and suitability protections afforded under the nation's securities laws.

Our experience with the marketing of EIAs has been that they are often sold through deceptive marketing tactics. Particularly troubling is the sale of EIAs to senior citizens, who are being aggressively targeted through "free lunch" investment seminars nationwide. Implementation of the proposed rule would serve to shield investors from these predatory sales practices.

We strongly support Chairman Christopher Cox and the Commission for this proposal that marks an important step in advancing the cause of Main Street investor protection.

Sincerely,

Karen J. Tyler, Securities Commissioner
North Dakota Securities Department

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