

June 10, 2005

VIA FACSIMILE AND FEDERAL EXPRESS

Ms. Catherine McGuire
Chief Counsel
Office of Chief Counsel
Division of Market Regulation
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: D.A. Davidson & Co. - Request for Approval Per Rule 10b-10 to Suppress Monthly Account Statements for Certain Customers

Dear Ms. McGuire:

This letter is submitted on behalf of D.A. Davidson & Co., a registered broker-dealer with over 40 branch offices located primarily in the Pacific Northwest ("Davidson" or the "Firm"). The Firm hereby requests an exemption pursuant to S.E.C. Rule 10b-10 under the Securities Exchange Act of 1934 (the "Act"). Specifically, Davidson seeks permission to send quarterly account statements (in lieu of monthly statements) to its customers whose only account activity consists of transactions involving automatic reinvestment of the receipt of dividends in the shares of pre-selected money market funds, referred to below.

Background of Davidson

The Firm is a full-service broker-dealer headquartered in Great Falls, Montana. Davidson is a member of the National Association of Securities Dealers, Inc. The Firm services over one hundred thousand customer accounts and provides correspondent clearing services to one other small broker-dealer.

The Firm presently executes approximately 3,100 trades a day, on average, in either listed or OTC stocks, fixed income and mutual funds; the Firm also acts as market maker in over 260 issues. All Davidson customers have the option to enlist in a free service that allows for electronic viewing of customer balances and transactions via a password protected site accessible via the Internet.

Money Market Dividends

By prospectus, Davidson offers to its customers investments in shares of money market cash account trusts managed by Deutsch Investment Management Americas Inc. ("Deutsche") under the names Davidson Cash Equivalent Plus Shares, Davidson Cash Equivalent Shares, Scudder Government Cash Institutional Shares and Scudder Institutional Share (the "Funds").

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As stated in their filings with the S.E.C., the Funds are no-load diversified, open-end management investment companies. The Funds are also registered pursuant to the Investment Company Act of 1940, and “comply with the various requirements of [S.E.C.] Rule 2a-7, which regulates money market mutual funds.” The Funds endeavor to maintain a stable net asset value of \$1.00 per share. Customers pre-designate the Fund class they wish to utilize, and thereafter dividends are paid and reinvested into the selected Fund class once each month (on the same day each month), at the same time for all Fund share classes. Currently, the Firm “confirms” Fund dividend reinvestments by monthly account statement.

Davidson plans to suppress monthly statements (and thus send only quarterly statements) if such dividend reinvestment constitutes the only activity in a given month. All other Fund transactions would continue to be confirmed in compliance with Rule 10b-10. The planned suppression would apply to all customer accounts (*e.g.*, cash, margin, IRAs, trusts, etc.). Customers will receive a monthly statement in any month where there is any activity in the account (including the deduction of any fee) other than the payment of and reinvestment of dividends earned on Fund balances in the account. Customers would always be able to obtain current information on Fund transactions by contacting their Financial Consultant or by accessing their account via the Internet.

The Firm is not aware of any SEC regulation or Self Regulatory Organization rule requiring a broker-dealer to send account statements on a monthly basis. The Commission indirectly regulates account statement frequency through the exemptions provided in Rule 10b-10, which, in the main, allow for quarterly confirmation of certain transactions if categorized as pertaining to “periodic plans” or “investment company plans,” and monthly confirmation for other plans possessing specified characteristics of money market funds. The SEC has previously provided an exemption in similar circumstances, including to Edward D. Jones & Co. LP (“Edward Jones”), from Rule 10b-10 (letter dated August 1, 2003 (available at <http://www.sec.gov/divisions/marketreg/mr-noaction/edward080103.htm>)). The analysis in this letter relies on the Edward Jones analysis and proposed course of action.

The Funds fall into the category of registered investment companies as described in Rule 10b-10(b)(1). As such, per Rule 10b-10(b)(2), such transactions would need to be confirmed on a monthly basis. In contrast, periodic plans may be confirmed by quarterly statement. Rule 10b-10(d)(5) essentially defines a “periodic plan” as any written authorization for a broker acting as agent to purchase or sell for a customer a specific security “in specific amounts...at specific time intervals.” Davidson hereby submits that the Fund reinvestments are sufficiently similar to periodic plans so as to warrant the same exception of quarterly confirmation.

Specifically, the Firm hereby submits that its planned account statements suppression satisfies the Rule because of the following:

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- Since the Fund's dividend policy is to distribute all income on a daily basis, a stable NAV of \$1.00 is maintained.
- Since Fund reinvestments are generated the same time, once each month, they are made "at specific intervals."
- Moreover, the Firm plans to implement customer safeguards in conjunction with the approval sought herein (as discussed below).

Accordingly, the Firm requests approval to send quarterly statements (in lieu of monthly statements) for all customer accounts having only Fund reinvestment activity within a given quarter. Concurrently, over the course of a year, a customer would at the very least receive four statements a year (March, June, September and December).

Savings to Firm and Its Customers

Davidson estimates that, at the least, the suppression of monthly statements currently being sent to customers during each month in which money market dividends are posted would result in the annual savings to the Firm of approximately \$150,000. This amount is derived by calculating the operating costs of producing and mailing monthly statements to the approximately 25,000 identified customers whose only monthly activity is in the form of money market dividends.

Planned Notifications and Safeguards

As part of its planned transition, Davidson has identified the customer measures listed below, which largely track the notifications and safeguards as outlined in the Edward Jones letter:

1. Customer Notification

The Firm intends to prominently display on a quarterly statement a notice to all customers explaining the changes in account statement frequency. This notice will be repeated a second time on account statements following the commencing of the account statement suppression. This notice will also appear electronically on the Internet for a period of months (for the benefit of customers utilizing the Internet to access their accounts). Customers would additionally be encouraged to contact their Financial Consultant with any questions about Fund or cash interest activity.

2. System Override Capabilities

The planned suppression of monthly statements for relevant accounts does not preclude Firm personnel from reinstating monthly reporting on an as-needed basis. For example, if the Operations Department believed that an account warranted a notification because of an additional charge or credit, the system can return to monthly printing and mailings.

3. Continuation of Customer Disclosures

The account statement suppression discussed herein will in no way effect the Firm's communication of existing customer notification requirements. The Firm will ensure that all customers will continue to receive all disclosures required by law. For example, the June customer statement, among other disclosures, includes the Privacy Notice required by Regulation S-P, as well as the annual Margin Disclosure statement required by NASD Rule 2341.

4. Customer Call In Number

Each Davidson account statement contains a "1-800" number for customer questions. This number is for the Corporate Office of the Firm, which will be trained and well positioned to direct any questions from customers concerning both the decrease in the number of account statements or to provide specifics about individual customer accounts.

5. Employee Education

The Firm intends to immediately notify all relevant associates of the plan to suppress monthly statements for certain accounts. This notification will involve electronic and print guidance for both registered and unregistered personnel.

Additionally, the account statement suppression described herein will in no way affect the ability of regulators conducting branch inspections to immediately view all monthly activity in each customer's account via the broker's various computerized screens and/or quarterly customer statements. Of course, this information is also available for viewing by customers (vis-a-vis their own accounts) who may visit the branch office.

6. Change to Relevant Prospectuses

Davidson will work with representatives of the Funds to ensure any necessary updates to the prospectuses are made in a timely manner.

Conclusion

The Firm believes that the relief sought herein is non-controversial and consistent with relief previously provided by the Commission under similar circumstances. Concurrently, Davidson notes that the planned changes are in keeping with industry progress in general and recent Commission action in particular. Therefore, the Firm writes simply to obtain formal approval for reductions in paperwork that have long been requested by, and approved for, broker-dealers bearing significant costs in generating mailings to customer accounts.

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The Firm also understands that regardless of the nature of its request, a commitment to certain internal education and external communication is necessary. The Firm would appreciate your efforts to review this request as expeditiously as your schedule permits.

The Firm thanks the Commission for its attention to this matter. If the staff has any questions, please do not hesitate to contact the undersigned at (406) 268-3056.

Very truly yours,

A handwritten signature in black ink, appearing to read "Larry Martinez", with a long, sweeping horizontal stroke extending to the right.

Lawrence Martinez
Senior Vice President, General Counsel