July 8, 2004

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street
Washington, D.C. 20549-0609

RE: Certain Thrift Institutions Deemed Not to be Investment Advisors;
File No. S7-20-04
Comment to Proposed Rule

Dear Mr. Katz:

PFF Bank & Trust ("PFF") is a federal savings bank with trust powers and is supervised by the Office of Thrift Supervision ("OTS"). We appreciate the opportunity to comment on rule 202(a)(11)-2 proposed by the Commission.

Under the rule, a thrift institution would not be deemed an investment advisor if it does not hold itself out to the public as an investment advisor and its investment advisory services are provided solely in its capacity as trustee, executor, administrator, or guardian for customer accounts created and maintained for a fiduciary purpose.

We commend the Commission for attempting to provide regulatory relief to thrifts that exercise fiduciary powers. However, we do not believe that the proposed rule goes far enough to relieve thrifts from the burden of dual regulation because thrifts would continue to be at a competitive disadvantage to banks. Please note the following:

1. SEC oversight of thrifts is not necessary because the OTS already regularly examines thrift trust departments under it own regulatory scheme and applicable state law. OTS examiners are well-trained and conduct a thorough examination of fiduciary activities, including asset management activities (the OTS "Asset Management Handbook" can be found at www.ots.treas.gov). Bank trust departments are examined by their banking regulator and not the SEC: similarly, thrift trust departments should be examined by the OTS and not the SEC. Thrifts should not have to incur the additional monetary costs and loss of productivity to accommodate examinations by both the OTS and the SEC.

2. As proposed, the rule would not exempt managed agency accounts from SEC supervision, and would require a thrift to register as an investment advisor because these services are deemed to be "retail advisory services" (the proposal concludes that these accounts have no underlying fiduciary purpose so the proposed exemption would not apply). As set forth above, because the OTS

already examines both fiduciary activities and asset management activities, registration as an investment advisor for managed agency accounts should not be necessary, particularly for a thrift like PFF that has vastly more fiduciary accounts than agency accounts.

3. I have reviewed a draft of the detailed OTS comments to the proposal and concur with the OTS analysis.

We again thank you for the opportunity to provide the above comments.

Very truly yours,

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Joe Hawkes
Executive Trust Officer and Senior Counsel