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The Giles Financial Group

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Jonathan G. Katz
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303



Dear Sir,

I am writing with regard to SR-NASD-2004-183, currently under consideration by the SEC. By way of introduction, I am a 29 year veteran of the financial services profession and hold a general securities license in addition to my insurance license. I would add that my brother and I are both second generation financial professionals, our father having retired after serving 40 years as a regional manager in the same 5 county area. As a matter of policy and practice, we have followed the ethical dictate of always putting the client's interest above our own direct or indirect interest.

In nearly three decades of service to my clients and their families I have seen too many instances of the use of misleading sales practices which result in investments that were inappropriate for the client's circumstances, to say the least. I believe that the people who mislead prospects and clients should be aggressively prosecuted and subjected to appropriate sanctions. Not only does such work harm those who have put their trust in them, but it reflects negatively on those of us who conduct ourselves with integrity in client dealings. Tales of deceitful behavior also deter individuals from seeking counsel when dealing with matters of their own financial security.

Nevertheless, I am concerned about the proposed Rule 2821, which, in my opinion, does not address the real problem. This rule's provisions duplicate the existing suitability requirements that apply to all securities, but with the added inference of bias against variable annuities by the addition of review of such a recommendation by a principal and the signing of an additional risk disclosure statement. The financial press is busily proclaiming the reasons why individuals should not invest in annuity products by citing generalities. However, when I recommend an annuity as a professional, I do so because of the particular circumstances and objectives of that client. At this point, I have to patiently address the phantoms of published opinions: "Yes, that is true, but here are the advantages to the annuity for your situation, and this why I think they outweigh the disadvantages cited in this article as we would apply it for you."

The irony of this is that the addition of another disclosure statement will be no burden to the representative who isn't concerned about the client's situation or telling the whole truth. It will just be one more piece of paper to slide forward and then back while keeping the conversational patter going. Only those who actually take pains to review and explain products and applications will find their clients second guessing their professional recommendations.

I would respectfully suggest that, rather than adding an additional rule, the SEC would better protect the interests of the investing public by aggressively enforcing the existing suitability rule. By acting boldly to apprehend and suspend the licenses of individuals who flout the law and putting them on notice that they will be called to account for their recommendations in terms of file notes, you will discourage those who are just looking for a quick buck from transactions that are contrary to the public interest. I am sure that it is only a tiny fraction of the abuses that ever come to light by means of investor complaints, and I believe that this is where the SEC can fulfill its duty to the public.

For these reasons, I respectfully urge the SEC to disapprove NASD proposed Rule 2821.

Thank you for your consideration.



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