Comments on SEC Release No. 34-54946, January 15, 2007.

These comments are based upon our experience since 1983 as financial planners and investment advisers to middle class individuals that do not meet the definition of a "high net worth customers" as defined in the proposed rules.

We are motivated to comment based upon a number experiences where our elderly clients and older individuals calling our weekly financial radio program, have been referred by a teller or other bank employee to a securities broker that is operating within the same bank branch office. These elderly individuals view their relationship with the bank employee as one that is equivalent in their mind to that of a fiduciary. They simply do not understand that, as they move from the teller's window to the securities broker's desk, that they are now subject to a sales process that has only minimal suitability standards and rules to protect them. We have, as a consequence, had to intervene to reverse transactions that were clearly inappropriate for such individuals as a result of just such a bank/broker sales process.

If we are reading the proposed rules correctly, there appear to be no clear disclosure requirements for all banking customers when a referral is made that is otherwise required for the "high net worth customers". An elderly widow with 2 million dollars in investment assets, and no significant investment knowledge or experience beyond purchasing insured certificates of deposit would be promptly referred by the nearest teller for a flat fee incentive without any disclosure of this actual conflict of interest.

I believe that the referring individual should have to clearly disclose this conflict of interest both verbally and in writing at the time of the referral. In addition, I would suggest that the referral from a teller be a two step process. It would first be made to a bank officer who would then be required to confirm that the referral was appropriate, and if the customer understood the difference between the bank and the broker they were being referred to. It would be particularly important to identify individuals that may require special consideration or sales restraint as a result of impaired emotional or mental capacities (e.g. a widow, recent medical event, or signs of dementia). By having such a two step process, the referral process would have the benefit of the more experienced bank officer who would not be motivated by any direct compensation.

The effect I would be looking for would be simply that the bank customer would be able to clearly understand that they were seeing a securities sales person, and that the bank personal were being compensated (however "nominal" it might be) to suggest that they see this sales person.

I hope these comments are helpful in crafting rules that will increase the protection of all bank customers.

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