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May 12, 2008

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549-1090

Re: Comment to Proposed Changes to Part 248-Regulation SP: Privacy of Consumer Financial Information and Safeguarding Personal Information – File Number S7-06-08

Dear Ms. Morris:

Kindly be advised that I am the CEO of a Financial Services program for Desert Schools Federal Credit Union located in Phoenix, Arizona. We operate our program through a third party networking arrangement with a broker/dealer. The proposed regulatory changes notes that there is a "protocol" among certain major brokerage firms to share a limited amount of information upon a financial advisor leaving one brokerage firm for another. The broker/dealer with whom we have a networking agreement does not subscribe to "the protocol". The proposed changes would permit a financial advisor to take certain information such as an investor's name, general description of the type of account and products held by the investor, and contract information, including an address, a telephone number, and email information to another broker/dealer. The stated purpose of permitting this non-public personal information to be given to the financial advisor's new broker/dealer is to facilitate the protocol that already exists between some but not all major brokerage firms and to enable the investor to have the financial advisor's contact information if the investor wants to follow the financial advisor.

My first comment is that not all broker/dealers subscribe to the protocol. This proposal is an effort to legitimize an industry practice used by some in order to justify a position that an investor will likely want to know how to contact the financial advisor who was servicing their account if they should leave a firm to go to another firm. While I do not doubt that a few investors may want to contact the financial advisor who serviced their

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accounts, I believe that purpose can be served by the financial advisor notifying his previous broker/dealer of his or her new contact information and the previous broker/dealer having the obligation to only inform the investors who ask for the financial advisor's new contact information. Taking non-public personal information and giving it to or in many cases selling it to another to another entity such as a new broker/dealer in exchange for a signing bonus is not authorized by The Gramm-Leach Bliley Act without first giving the investor or in our case, a credit union member an opportunity to "opt-out" of the exchange of their non-public account information.

I acknowledge that there is a great distinction between institutional investors and independent financial advisors who own their practice and are affiliated with a registered broker/dealer. This is very different for the financial institution environment. In the independent broker/dealer environment, the financial advisor personally solicits and builds his or her client base. They develop a close relationship with the investor or they run the risk of the investor moving their account to another financial advisor. However, in the financial institution environment, the financial advisor is serving the needs of the client through a direct referral from the financial institution. The financial advisor in most cases is an employee of the financial institution or a dual employee for the broker/dealer and they are bound contractually through the third party networking agreement not to solicit clients and they have no proprietary rights to the account relationships because the relationship was established through the loyalty and trust of the financial institution who made the introduction. Another important consideration is that the financial institution itself is bound by The Gramm-Leach Bliley Act as well as The Fact Act to safeguard and protect client information. In the state of Arizona, this information is also protected by Arizona State Trade Secret Laws. The current proposal would seem to not only encourage but facilitate a violation of the clients' financial privacy by allowing a financial advisor to take that information with them if they leave the program. This is particularly harmful to a financial institution like Desert Schools Federal Credit Union since our field of membership is limited by our regulator.

A raid of our investment clients has a severe impact upon our organization both financially as well as the reputation risk involved within our community. A case in point is that we currently have lawsuit pending in the Superior Court of Arizona against a former financial advisor who sold a client list along with other non-public information for personal gain receiving a signing bonus in excess of $300,000 to a competing financial institution who participates as part of "the protocol". Our members called to inform us that they were concerned about their personal information being used by another broker/dealer without their permission. The action of this financial advisor caused investor confusion in that the members were unclear from the solicitation about where their accounts were actually held,

most were outraged that such a situation could occur and these members definitely feel that their privacy was violated. These actions would be permissible under the proposed changes and would create a great deal of confusion with our member investors. Unless there are modifications to the proposed rule, it would become permissible for a financial advisor assigned to this program to establish a client base at our expense using our member's non-public information and then take it with them to set up their own independent practice or sell it to the highest bidder under the current proposal. The only remedy would be to file an action with the courts to address the violation of the contractual provisions which costs time, investor confidence, a great deal of money and damage to the financial institutions good name.

I urge you to consider that any revisions to the proposed regulations comply with The Gramm-Leach-Bliley Act and do NOT provide a financial advisor or his or her new broker/dealer the right to solicit a client away from a financial institution who operates under a networking arrangement and where there are contractual and legal obligations to prevent such solicitations. I also urge you to consider that any revisions to the proposed regulations should not create an unfair advantage for broker/dealers who do not participate in "the protocol" or create loop holes where non-public information is shared from disgruntled financial advisors leaving one program for another where the information can be bought leaving the only remedy with the state court system.

Respectfully submitted,

Becky Nilsen,
Chief Executive Officer