Nancy M. Morris May 7, 2008
Secretary
Securities and Exchange Commission
100 F Street
NE
Washington, DC 20549-1090

Re: File S7-06-08
Proposed amendment to Regulation S-P
Dear Ms. Morris:

Thank you for the opportunity to comment on the proposed amendment to Regulation S-P. James Investment Research, Inc. is a small independent investment adviser located near Dayton, Ohio. We have about $2 billion under management and we have 16 full time employees, two part time employees and a couple of summer interns. Our client base consists of our mutual fund family, individuals, corporate accounts, retirement accounts and some institutional accounts. You can see that our views and concerns may be typical of small advisers with limited resources.

Markets do not always function perfectly and sometimes extra regulations are necessary. But in the case of client privacy, it is appropriate to point out that investment advisory firms are *already* likely to be especially diligent in maintaining privacy. To do otherwise would bring severe harm to their business.

Investment advisers typically obtain confidential information in the course of their initial client meetings, information necessary to determine the suitability of certain securities, and the overall needs and objectives of the client relationship. Nothing would be more inimical to the maintenance of good client-adviser relations, to say nothing of recommendations to others, if the new client became aware that this information were shared with others, whether deliberately or in error.

The initial orientation for new hires of investment advisers is apt to emphasize privacy concerns. It would not be overstating the case to hold that a careless or indiscrete investment adviser who does not safeguard confidential information should find other occupation before he is fired. Safeguarding client information, be it written, verbal, or electronic, goes into the “Trust” element which is at the heart of the relationship.

We believe our company has been proactive in client privacy issues. We have already implemented a Privacy Policy, a Remote Access Policy, and a Document Destruction Policy. All of these are part of our Policy and Procedures Manual. Our policies and procedures are tested with a prioritization based on the annual risk assessment. Findings are documented. In short, we believe we are accomplishing the privacy objectives of the Gramm-Leach-Bliley Act as Congress intended within our current Compliance program.

The SEC's proposed amendment would create an additional program, complete with a person designated to oversee it (known in some writings as the Privacy Czar). Compliance staff in small firms such as ours are generally the same people doing other things. Adding another layer of committees and procedures means stretching the Compliance personnel (who will be responsible for ensuring that the regulations are enforced) even further and could result in a tug-of-war between Compliance and the Privacy Czar for those scarce resources of time and money.

Suggested amendments proposed for Regulation S-P, especially those related to collection and maintenance of documentation, should be weighed by costs and benefits. The National Association of Compliance Professionals in its comments on the proposed amendments to S-P notes "For most SEC-regulated firms it will be expensive, both in time and money, to develop, implement, maintain and test." It is a given that extra costs are ultimately borne by clients. This being so, the extent of damage caused by past disclosures needs to be assessed in dollars, according to the actual costs incurred because of this disclosure. Extra expenses required for documentation, record keeping, system testing and the like should be accurately calculated and should include the time of key executives in small firm, which will be involved in this privacy work at the expense of client contact and investment management, their chief services to clients. It is also fair to ask that if the proposed amendments to S-P had been in place prior to any previous privacy problems, if they would have prevented those problems.

Again, we appreciate the opportunity to comment. We are aware of the serious privacy issues that have arisen in our industry. But, for small firms, such as ours, we feel that it would make sense to simply add a line to the Privacy Policy requiring the proposed notifications, and leave everything else alone. We can't afford an additional internal bureaucracy that appears to be duplicative in most ways.

Best wishes

Thomas L. Mangan
Senior Vice President/ Chief Compliance Officer