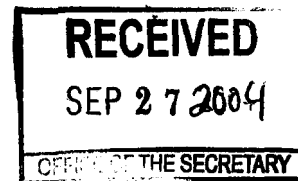


September 22, 2004

Jonathan G. Katz  
Secretary  
U.S. Securities & Exchange Commission  
450 Fifth Street, NW  
Washington, D.C. 20549



Re: File No. S7-25-99;  
Release No. IA-2278, Certain Broker-Dealers Deemed Not To Be  
Investment Advisers

Dear Mr. Katz:

This is a letter in support of passing the proposed rule.

In our view, the issue of how a client pays for the brokerage services that are provided by a broker-dealer is irrelevant. Looking back, we believe that the Investment Advisors Act came in to existence in order to prevent principal dealings and other such abuses of advisory clients that arose from the high level of control that an advisor enjoyed over a client's account. The matter of fees was only mentioned in the Investment Advisors Act of 1940 because it was an easy way to distinguish an advisory client from a brokerage client. The operative distinction was the level of control, particularly what we call discretionary authority.

In any case, some of the historical definitions don't matter. For example, the broker-dealer exemption in the Advisors Act was probably just an afterthought, equivalent to marking up the original bill. More likely is that the Advisors Act was itself the de facto exemption to the '34 act which enabled advisors to be regulated separately from brokers. The goal of the '40 Act was not to define who is and who is not an advisor, it was to prohibit certain behavior while at the same time not inhibiting the distribution and aftermarket trading of newly issued securities as part of the capital raising process.

The goal of the opponents of the proposal is to insulate their business from anything that looks like competition or from the results of convergence. It is to help define an organization. But to not pass the proposed rule serves no practical purpose and it disadvantages, rather than protects investors. Again, we support passage of the proposal, unaltered from its present format.

Sincerely,

A handwritten signature in black ink, appearing to read "A. F. Grant".

Arthur F. Grant  
President and CEO