August 28, 2008

Ms. Florence E. Harmon
Acting Secretary
Securities and Exchange Commission
100 F. Street NE
Washington, DC 20549-1090

Re: File No. S7-19-08

On August 22, 2008 there was an article in the Wall Street Journal titled "Vanguard Slams SEC's Rating Proposals." The article pointed out that Vanguard is opposed to the proposed changes put forward by the SEC in the way that rating agencies are used for investor protection within the money market funds.

As a financial adviser, I am often in the position of listening to client concerns. Lately, many of the issues that that I have been asked about by my clients involve failing banks, the credit crunch and the economy as a whole. Several times over the summer I have been asked to explain how FDIC insurance works in the event of a bank failure and how SIPC insurance protects the investor. Clients are worried and seem to be taking a renewed interest in the risks that are inherent in their investments and how they are protected in light of all the current, negative financial news.

The Commission is proposing some important changes to Rule 2A-7 of the Investment Company Act of 1940. One of these changes involves dropping the role of the NRSRO (nationally recognized statistical rating organizations) credit ratings for money market funds and instead charging the funds' boards of directors with this very important job. It is my opinion that the boards of directors may not care to be in the business of evaluating securities nor are they necessarily qualified for this task.

While I can appreciate the Commission's uneasiness with the standards of the rating agencies in light of the recent credit problems, it is my understanding that many of these problems are currently being addressed by the Commission. Perhaps the standards that you are proposing to the fund boards or consultant firms could be applied to the NRSROs. These ratings organizations already have the manpower and the expertise to do a good job and they are independent from the fund companies. On the other hand, I am more than a little skeptical about the objectivity of a fund company's credit evaluations of its own money market components. It is too much like having the fox guarding the hen-house!

I would strongly urge the Commission to reconsider its proposal. Please continue to protect our clients' best interests by considering other options. My clients are already scared of the climate in the financial industry. I would welcome changes to the NRSRO's procedures on determining credit quality as a beginning point to fixing the problem of credit worthiness of securities.