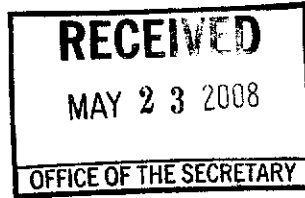


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May 21, 2008

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

*Re: Release No. IA-2711; 34-57419; File No. S7-10-00; Amendments to Form ADV Part 2*

Dear Ms. Morris:

Investment Advisors, a division of ProEquities, Inc. and a registered investment advisor firm (the "firm"), is submitting these comments on the proposed amendments to Form ADV Part 2 (the "Proposed Rule"), as set forth in file number S7-10-00. By way of background, the ProEquities, Inc. sales force is comprised of "independent contractor" registered representatives, many of whom are also investment advisor representatives ("IARs"). The firm is comprised of approximately 1,200 registered representatives, of which 400+ of these are also IARs. Additionally, a vast majority of these registered representatives are also licensed insurance agents, conducting this line of business as an outside business activity of the firm.

**Effective Disclosure**

The firm agrees with and supports the Commission's goal of providing retail clients with current and useful disclosures relevant to an advisory firm's business. However, the extent to which the proposed rule requires detail disclosures will create a very lengthy document, which in all likelihood clients will never endeavor to read. Industry studies and focus groups have indicated that the end client would be better served with a more concise document fashioned in a reader friendly format. The firm suggests the Commission draft such a concise document and employ focus group studies to solicit feedback from retail investors for its effectiveness.

### **The “Brochure”**

In Part 2A Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss the Commission notes the term “frequent trading” without providing any clarity or explanation. This term is very subjective and would be defined very differently by various clients. What could be termed as frequent to one client could be termed infrequent by another. Additionally, the firm feels that within an individual firm’s own description of their investment strategies employed this issue is already addressed. Absent clarification by the Commission, the firm recommends elimination of this term.

### **The “Brochure Supplement”**

In Part 2B – Other Business Activities, the firm fears that a substantial amount of time, effort, and monetary expenditure would be required to comply with this requirement. As a firm with approximately 400+ investment advisor representatives, we would conceivably have to create 400+ individual brochure supplements. This task would take an inordinate amount of time to first create, then to maintain and amend as necessary to keep them accurate. For Broker Dealers, this type disclosure to clients is not mandated by FINRA rule however, outside business activities are effectively addressed and monitored under their Conduct Rule 3030. Broker Dealer firms must review such outside business activities of registered representatives, assessing whether potential conflicts of interest may exist in serving clients. The Commission should consider a solution which mirrors FINRA Conduct Rule 3030 which does not require disclosure of outside business activities, as opposed to the disclosure solution contained within the proposed rule.

Additionally troubling is the Commission’s lack of clarity or definition when referring to “substantial source of income” and “substantial amount of time”. These two terms again, are very subjective and open to various interpretations by individual firms. As indicated previously herein, the vast majority of our representatives are insurance agents and it is likely that it could be interpreted by Staff that the income derived from or time spent conducting this outside business activity is substantial, thus requiring disclosure under the proposed rule. Again, the firm would potentially expend an inordinate amount of time and effort to comply with this disclosure requirement, which in our opinion would be of limited use to the end client given that they are most likely already aware their investment advisor is engaged in insurance sales.

### **Annual Mailing of Part 2**

The Commission would require in the proposed rule, an annual mailing of the Brochure to all clients. The firm contends that very few clients actually take the time to read the brochure. For those clients to who do wish to do so, the firm recommends an alternative solution to the Commission. As opposed to an annual mailing, firms should be allowed to make an annual offering of the brochure. Clients could respond affirmatively if they

would like to receive the brochure via postal carrier or via electronic means, or via the IARD system as indicated in the proposed rule.

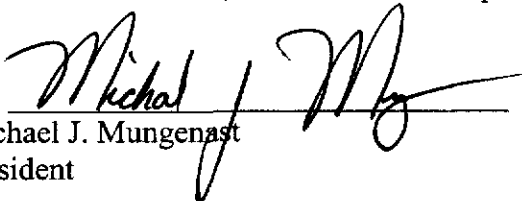
**Data Tagging**

The firm opposes the use of any data tagging language format, including the noted XBRL. The firm feels this requirement in the proposed rule would be of minimal benefit to the end clients as few if any would actually utilize the tagging for analysis of the data. Also, the firm feels that given its minimal benefit to and potential use by clients, the cost and expense firms will have to bear is an unnecessary expense.

The firm appreciates the careful consideration that has been given to the proposed amendments to Form ADV, including Part 2. We hope that these comments will assist the Commission in its deliberations and finalization of the rule. If you wish to discuss the proposed rule, this letter, or have any thoughts, comments, questions or suggestions, please contact me at (205) 268-5144.

Very truly yours,

Investment Advisors, a division of ProEquities, Inc.

By:   
Michael J. Mungenast  
President