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San Antonio, Texas 78288

May 16, 2008

VIA EMAIL TRANSMISSION

United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
Attn: Ms. Nancy M. Morris
Secretary

Re: Amendments to Form ADV
(File Number S7-10-00)

Dear Ms. Morris:

USAA Investment Management Company (IMCO) and USAA Financial Planning Services Insurance Agency, Inc. (FPS) appreciate the opportunity to provide comments on the Securities and Exchange Commission's (hereafter, the Commission) proposed rule and form amendments to Part 2 of Form ADV and related rules under the Investment Advisers Act. While we can support much of the Commission's proposal, we are very concerned with two major aspects of it: the annual delivery requirement and the brochure supplement. In both instances, the proposal's costs to implement and maintain on an ongoing basis will significantly outweigh any benefits. Accordingly, our comments will focus on these two areas.

Background

United Services Automobile Association (USAA) is a member-owned association that seeks to facilitate the financial security of its members and their families by providing a full range of highly competitive financial products and services, including insurance, banking and investment products. IMCO, an indirect wholly-owned subsidiary of USAA, is a registered investment adviser and broker-dealer, and serves as the investment adviser and distributor of the USAA family of mutual funds. IMCO also serves as sponsor and investment adviser to two wrap fee programs – the USAA Strategic Fund Adviser Program (SFA) and the USAA Private Investment Management Program (PIM). FPS, also an indirect wholly-owned subsidiary of USAA, is a registered investment adviser and insurance agency offering financial planning services to USAA members. FPS provides a full range of fee-only financial planning services from plans designed to concentrate on a single financial topic to comprehensive plans designed to address all aspects of a member's financial situation.

IMCO and FPS provide investment advisory services to members over the telephone, mail and internet channels. They presently do not use the face-to-face channel that most advisers do. Increasingly, FPS and IMCO advisory services are provided through electronic means. For example, both FPS and IMCO utilize on-line applications and questionnaires for members to enroll in the advisory service and provide necessary information. FPS and IMCO seek to provide statements, prospectuses, communications and disclosures by electronic means to the extent the member provides the requisite consents. We consider electronic delivery critical to our business model of providing services to our members wherever they may be. We highlight this to emphasize that the Commission's proposal, while acknowledging and addressing electronic delivery, continues to contemplate face-to-face as advisers' primary delivery channel, which for some investment advisers is not, and increasingly will not, be the case. As a result, the Commission's proposal would have a very adverse impact in the two areas described below in detail.

Annual Delivery

The Commission is proposing to require each registered adviser to deliver its current brochure to existing clients each year no later than 120 days after the end of the adviser's fiscal year. We oppose this proposed requirement. A new requirement to deliver, as opposed to offering to deliver, Part 2 will increase costs substantially and add a new process not currently in place, despite the overwhelming experience that clients do not seek this information when offered.

To the extent the Commission has hard evidence that investors are actually relying on stale adviser disclosure, those concerns could be alleviated through less costly and burdensome alternative methods, such as giving advisers the option of notifying customers that the annual update has been made with reference to a direct link to the updated brochure on the adviser's website (or the IARD if there) and an offer to deliver a paper copy if requested by the client. We believe this approach would be more consistent with the Commission's recent rulemaking and proposals aimed at reducing and streamlining the volume of information clients receive. But even this alternative approach should only be considered if the Commission has real evidence, not just a theoretical concern, that investors believe they need more current disclosures on the adviser pushed to them. Here at USAA, we have no such evidence.

The Commission also is proposing to require advisers to deliver interim updates to clients when the adviser amends its brochure to add a disciplinary event or to materially change information already disclosed in response to Item 9 of Part 2A. We believe that the concerns and possible alternatives set forth above apply equally in these instances.

The Brochure Supplement

Larger financial services organizations with a direct marketing model such as ours place more emphasis on the institution's advice model rather than the advice of any particular individual for consistency of approach, and those organizations have built their models on that premise. The Commission's proposal that advisers deliver a brochure supplement to clients before or at the

time a supervised person begins to provide advisory services to the client creates significant challenges within FPS and IMCO's delivery model.

It is particularly problematic in the FPS model, where the primary financial planner assignment does not occur until after the client has purchased the financial planning service. A client at times may communicate with several different financial planners and will receive advice over the phone or by electronic means. In this context, requiring the delivery of a brochure supplement prior to, or at the point of enrollment, would require a significant change to FPS' business model and increase its costs by requiring constant monitoring, evaluation, printing and mailing demands.

Moreover, as proposed, the delivery requirements would create costly technology development and staff resources to keep track of when a client first received a brochure supplement, which brochure supplements the client received, which version the client received for each investment adviser representative that has provided advice directly to the client via the telephone or by electronic means, and whether the client received a sticker, amended brochure supplement or other type of update communication.

Given these significant challenges posed by the proposal, we encourage the Commission to remove the proposed brochure supplement altogether from its proposal. If, however, the Commission moves forward with this concept, we encourage considering the alternative of offering to deliver any brochure supplements and updates upon client request, or allowing the client to review the brochure supplements and updates on the adviser's website, similar to our suggested alternative for the annual update.

To the extent delivery of the brochure supplement is adopted, we also urge the Commission to reconsider the scope of the content of the brochure supplement to exclude part of proposed item 6, which requires the inclusion of the name, title and telephone number of each person responsible for supervising the advisory activities on behalf of the firm. For large integrated financial services organizations, this item is subject to frequent change and we believe that a more appropriate disclosure would be the provision of a centralized customer service contact phone number or email address as a more appropriate avenue of raising concerns or addressing problems.

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We appreciate the opportunity to provide comments on this proposed rule and form amendments. If you have any questions regarding our comments, or would like additional information, please contact me at (210) 498-8696 or Chris Laia at (210) 498-4103.

Sincerely,

Mark S. Howard
Senior Vice President, Secretary and Counsel
USAA Investment Management Company
USAA Financial Planning Services Insurance Agency, Inc.