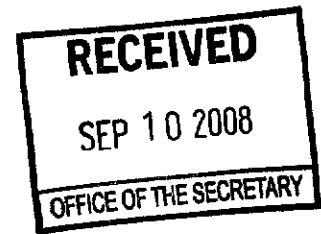




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1849



September 8, 2008

Secretary, Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: File Number S7-14-08

Members of the SEC Rules Committee,

As a licensed insurance agent in the State of Ohio for over 40 years, the proposed Rule 151A has raised many questions and concerns. I strongly believe that a change of this magnitude deserves serious and deliberate review and debate to include all aspects and potential outcomes. Input from all parties involved seems to be far more valuable than assuming a need based on a staged and scripted television program claiming wide spread and unregulated abuse. At the very least a period of 90 - 120 days should be an allowed minimum to hear from interested parties including the thousands of satisfied owners of the product and their trust in the regulatory protections already in place.

Please understand, I am not personally opposed to suitable regulatory supervision, and I am supportive of any exposés that curtail or eliminate unethical practices in any professional practice. Having just celebrated the 77th anniversary of my birth, I am both aware and angered by reports of exploitation of seniors or any other dynamic.

I am equally disturbed however by unneeded regulation or assumed expertise by a body that seeks to distort the legally recognized status of the product named in the proposed rule 151A. The language used to define a Fixed Index Annuity as a security is so broad I expect it could encompass virtually every product offered for "Sale" by anyone, anywhere. My Real Estate agent certainly implied at least the potential for gain would be better in the property I was considering than a similar investment in the market. Of course that was before the now common practice of packaging and reselling a group of mortgages as securities, a scheme under the supervision of that same body that has created perhaps the greatest threat to economic stability since the depression of the 30's. The very definition of Securities according to the World Book Dictionary is as follows: "securities, evidence of debt or of property ownership; bond or stock certificates." Holders of fixed indexed annuity contracts have no such evidence!

The assertion by Ms Nash when asked about state regulatory response to reports of unsuitable sales practices that "the states are only concerned about company solvency" reveals either a highly biased opinion or a complete lack of knowledge about the initiatives taken in areas of education, training and supervision. In direct response to those initiatives and recognizing the importance and value to the industry, community, and public as a whole, I named and licensed this agency, "Suitability First LLC" in 2003.

The stated objective for that action is to diligently seek to match the product to the needs and desires of the client and to strive to go beyond disclosure to understanding of the recommendation as the first priority. My comments here should in no way be taken to diminish the importance of assuring "solvency" in the insurance industry. The record of stability has done much to create and maintain the high degree of trust so lacking in many financial areas.

Over the past 45 days I have paid particular attention to articles pertaining to regulated financial entities of all types and the various regulatory agencies assigned to monitor and supervise them. Of the approximately 70 articles recorded, (see addendum A) only a few refer to State regulatory bodies or departments and each of those cases point out the state entity involved was performing an inquiry in an aggressive manor that was being neglected by the supervisory body charged with the duty.

This brings me to the questions mentioned in the first paragraph. I will greatly appreciate and promise to study with an open mind any answer provided by a committee member.

By what logic can a product that has absolutely no market risk to the owner, provides no evidence of ownership of securities by any party to the contract, charges no fees, (sales or administrative), offers a choice of external rate measurement options including a declared minimum guaranteed rate and a periodic guaranteed rate, contains multiple liquidity options and early surrender charge waivers and even furnishes a formula to determine a minimum buy back value if not carried to term, AND guarantees an income that cannot be outlived through annuitization or an optional guaranteed life income benefit rider, be considered a security?

Is it possible that your sudden desire to obtain regulatory authority of this vehicle is motivated at least in part by pressure from Brokers and Dealers and other Wall Street entities fearing reduction of their Assets Under Management accounts and the subsequent management fees? Those of us who do not charge fees and prefer to be compensated through the supplier rather than directly by a reduction of the clients values and only when the service has been completed and the desired solution is in force, have often had our objectivity questioned----- I wonder how that scenario differs when the decision involves taking funds out for any reason?

Do you as a regulator sincerely believe that the public as a whole will be better informed and in a position to make a suitable decision through the data provided in a prospectus? The study conducted through your own organization revealed that prospectuses are largely unread and the letter to INVESTMENT NEWS dated 9/1/2008 submitted by Mr. Stephen N. Mathieu, President of Legacy Financials Solutions Inc tells it like it

truly is. In my opinion his letter should be required reading by all affiliates of FINRA and the SEC. While I freely admit that there is no valid reason for me to inquire of my client base as to their feelings or opinions concerning that document. Many of my 1500 clients are participants in 401K plans and hold securities as part of their portfolio and like Mr. Mathieu, less than 10 have ever confessed to reading one in its entirety and no one has ever stated the information contained there in was the determining factor in his or her decision.

On what basis has your organization determined that it is in a position to supervise and regulate this part of the insurance business better or more efficiently than the local state regulators who hold the trust of both the citizens and the professionals they serve? As stated early in this communication, this agency clearly understands the value of well defined regulation, prompt and thorough investigation of all complaints and the installation of any changes required to meet the rapid changes we all experience in today's environment. My considered belief, arrived at after extensive research indicates a decline rather than an improvement in all aspects of the desired outcomes under SEC authority. This belief is confirmed by the simple fact that the holding of a securities license would raise the cost of my errors and omissions coverage by multiples of two to four times. Insurance Companies are well recognized experts when it comes to evaluating and pricing risk.

In summary I have no desire to tread upon the territorial rights of the SEC, FINRA or any other body commissioned to protect and preserve the rights of consumers of any age, status or demographic. Similarly I will work hard to preserve the principles and reputation of the vast majority of dedicated Insurance Professionals.

I look forward to your replies to the above questions and respectfully suggest----
"If it ain't broke, don't fix it!"

Sincerely,



Raymond U. Austin, CLU, ChFC
President
Suitability First LLC

CC ; Honorable Senator George V. Voinovich
 Honorable Senator Sherrod Brown
 Congressman Ralph Regula
 Mary Jo Hudson Director, Ohio Dept. of Ins.
 Kim O'Brien - NAFA

ADDENDUM A

Investment News Articles

Date	Headline
7/21/08	Advisors blast hedge funds for poor communications. Stunning 95.7% say funds don't understand needs.
7/21/08	Emerging markets a source of stomachaches for advisors.
7/21/08	SEC's rumor probe will lead nowhere After weeks of Slumbering Christopher Cox + SEC engage
7/24/08	Advisor pockets millions, SEC says 20 million misappropriated over 8 year period.
7/31/08	Finra Floats VA marketing reform.
7/31/08	Ex-J P Morgan banker arrested.
7/31/08	E*Trade fined \$1 million by SEC
7/31/08	Massachusetts sues, settles over ARS
7/31/08	Ban on "naked short selling" worries firms.
7/31/08	SEC issues guidance on "soft dollars"
7/31/08	The end of Merrill Lynch?
8/01/08	Citi eyed for ARS irregularities
8/01/08	North American Clearing to be liquidated
8/07/08	The ARS Con
8/07/08	Massachusetts pension board fires five managers.
8/07/08	SEC settles with CitiGroup over ARS
8/08/08	UBS to buy back \$19.4 Billion of ARS.

8/08/08 Arbitrator hits Wachovia for 5.3 million

8/11/08 SEC Study: Prospectuses go largely unread.

8/11/08 Junk Funds pique investor interest.

8/11/08 Vicks advisor charged with fraud.

8/11/08 SEC deals out \$48M to Vivendi victims'

8/12/08 J P Morgan heading south in third quarter.

8/12/08 Morgan Stanley to buy back ARS.

8/12/08 RS probed on auction rate securities.

8/13/08 You and US - a UBS Mess.

8/13/08 UBS execs knew of rule violations.

8/13/08 Finra, NYSE Reg. to police insider trading.

8/28/08 Lehman cribbed from research report.

8/15/08 Wachovia to buy back 8.8 billion in ARS.

8/15/08 Merrill Lynch next in Cuomo's sights.

8/15/08 Jittery mutual fund holders redeem \$27 billion.

8/18/08 Report: Lehman may take 3Q \$1.8 B bath.

8/20/08 Galvin leans on Fidelity to buy back ARS.

8/20/08 Hedge trader slapped with \$291 M fine.

8/20/08 Land Cap buys land loans from Wachovia.

8/21/08 Florida's financial regulator latest to resign.

8/25/08 States beat the feds to ARS cases
As in research scandal, local enforcement seen as more aggressive.

9/03/08 Ex-Credit Suisse brokers charged in \$1B Scam.

9/03/08 Ex-Broker stole \$1.4M from couple, panel finds.

9/03/08 Lehman-Backed Ospraie fund to fold.

9/03/08 Munder to liquidate \$9 billion in funds.

9/03/08 A Clockwork Capitalism: Wall Street goes Socialist.

9/03/08 Firms vie for slice of Lehman.

9/03/08 Waddell downgraded to "Sell" by analyst.

9/01/08 Survey: Most Women not very trusting of advisors..

9/01/08 Muni death watch concerns advisors.

9/01/08 Auction settlements snub corporate buyers.

8/27/08 Cuomo Eyes ARS link between firms.

8/28/08 B of A buys back \$43M ARS from Mass.

8/29/08 SEC fines "unscrupulous promoter" \$510,000.

8/28/08 ARS strife claims another UBS exec.

9/01/08 Letters
Re: 8/11/08 SEC study: Prospectuses 90% largely unread.

9/01/08 Appeal of alternatives overstated?

9/01/08 Australian deal raises investor protection concerns.

9/01/08 Is the bear market for financials over?

9/01/08 Housing's continuing crisis.

9/05/08 B of A set to settle with regulators over ARS.

9/05/08 Fidelity plumps up Practice Perks.

9/05/08 Report: AIG in talks to dump toxic assets.

9/05/08 Fixed-annuity sales fuel overall growth.

Other Publications

Wall Street Journal

- 6/24/07 Early Retirement Pitches Can be Too Good
- 9/02/08 Darling is Downbeat on Economy
- 9/02/08 There's Always Next Year
- 8/27/08 New Credit Hurdle Looms for Banks

AT&T

- 9/05/08 Sector Snap: National bank stocks fall

USA Today

- 8/21/08 Citigroup to be charged by NY attorney general. Faces SEC probe.