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From: "nobody@www.senate.gov" <nobody@www.senate.gov>  
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To: webmail@kyl-iq.senate.gov  
Subject: SEC proposed Rule 151A

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<MSG>Senator Kyl,

Recently, the Securities Exchange Commission has targeted Fixed Indexed Annuities under proposed Rule 151A. I oppose this proposition.

Fixed Indexed Annuities provide guarantees, flexibility, tax-deferral and accessibility to funds, as well as other excellent advantages to contract owners. When used correctly, these products provide the consumer with a unique combination of guaranteed protection and an opportunity for higher accumulation of values than traditional fixed annuities.

The SEC's proposed regulation adds an unnecessary layer of securities regulation to this insurance product, a product that is already regulated by the states as well as the insurance industry. The end result of this effort would ultimately make Fixed Indexed Annuities securities. Ultimately, other annuity products could also be forced to be changed to securities. Amazingly enough, the SEC determined that Fixed Indexed Annuities were "not" securities a brief 10 years ago. This new revelation is in stark contrast to its original determination and frankly at odds with congressional intent of annuities in general.

My concern is that the process for review by our industry and the ultimate timetable for responses to Rule 151A has been greatly shortened by the SEC. The SEC apparently is attempting to act on short notice (notifying it's intent on June 25, 2008 to September 10, 2008). With its verdict appearing to have already been made it does so without full review of all the facts and without prudent review by all concerned.

I am asking for a fair and balanced review of all facts and an opportunity to be heard beyond this shortened period.

The ultimate "expense" of putting Rule 151A into effect could very well be charged to the very people that currently enjoy the benefits of Fixed Indexed Annuities. Most of these contract owners have enjoyed the opportunities to grow their accounts without the ongoing expense usually associated with mutual funds and variable products. These contract owners bypass the market risk that is usually associated with mutual funds and variable products since Fixed Indexed Annuities do not subject contract holders at risk to market losses.

Most of these folks cannot afford to go back to work to make up for the losses the securities market has recently dealt them. Since Fixed Indexed Annuities are not securities they do not put the contract holder at risk for those types market related losses.

Recently, I was able to view a short segment of an SEC's meeting wherein Chairman Cox was addressing Rule 151A. The impression I was left with was disturbing in that he had already made a decision to press his agenda at a pace that would not provide a fair and balanced viewpoint.

Also concerning was that part of the information presented in that meeting was one sided, outdated and in some cases unsubstantiated. Our industry asks for a fair and balanced opportunity to address all of the issues concerning the SEC, not only for the industry itself, but ultimately for the benefit of the clients "all of us" serve.

Rule 151A appears to have been ill-conceived since it is unsupported by judicial precedents on what constitutes an annuity, exempt from securities laws. Since it has virtually no market-related downside risk how can it be considered a security in the same manner as mutual funds or variable products where investors truly bear risk for market losses. If adopted, this could cause other annuity products to be reclassified as securities, contrary to congressional intent.

I would appreciate an opportunity to continue this discussion.

Thanking you in advance for reviewing all of the facts, as I know you will.

I look forward to your response.

Best Personal Regards,

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