

EDDLEMAN & EDDLEMAN, LLC

Wealth Enhancement and Perpetuation

Monday, August 11, 2008

RE: *Comments on File No. S7-14-08 Indexed Annuities and Certain Other Insurance Contracts*

Attention Honorable SEC Review Members:

Well Done! It is about time that we treated Equity Index Annuities (EIAs) as the investments that they are.

In reality there are two questions that have to be answered in relation to regulation of EIAs. 1) Are EIAs really an "investment" that would typically be defined as being subject to regulation? 2) And, if they are an "investment", do they warrant an exemption from regulation?

In regards to the first question, there is no question. These are "equity" investments by name, characterized by fluctuating value with the potential for losses on the part of the investor. As such, there should be no question that these "investments" would have already been regulated were there not an "insurance" component to the product.

In regards to the second question, do they deserve an exemption from regulation? The question is preposterous! Why would we even consider exempting one of the most complex investment products that simultaneously has some of the highest investment cost from regulatory oversight? There is no reason other than the outcry of the insurance industry. And, their desire is to maximize ease of distribution and minimize oversight. Yes, I realize that those in the insurance industry are likely not advocates of the new proposed regulation. But the consumers' interest must come first!

As you are aware, annuities are difficult to explain to the novice investment consumer, though this "novice investor" is the typical target of an EIA salesperson. And, while these products have their place under certain circumstances, I believe that there is no question regarding their being "oversold". Investors who are nervous about the volatility of equities see words such as "guaranteed" and "market participation", and the sale is all but done. Even for a diligent financial professional, disclosure of Contingent Deferred Sales Charges or the fact that the "guarantee" is only valid upon death or under certain circumstances often goes in one ear and out the other. But unfortunately, these facts seem to be more often "glossed over" if revealed at all.

Some of us are attempting to build a valued profession of financial and investment services that will be respected and sought after by the public. But implementation by those in our industry (i.e. EIA salespeople) some of which have limited skill, education, and knowledge, who purport to be industry professionals when they are nothing more than glorified salespeople, do an injustice not only to the industry, but also to the clients they pretend to serve. Regulation of EIAs by the SEC is a good first step in providing at least some level of oversight and accountability for these products. Our hope is that it will not be the last in developing our industry into a profession.

Sincerely,



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