

BY FACSIMILE

[Sample Copy of Letter Sent to Each Senator]

May 13, 2010

Honorable Charles Schumer
United States Senate
Washington, DC 20510-1103

Re: Restoring American Financial Stability Act (S. 3217)

Dear Senator Schumer:

As you consider H.R. 3217, we write to express our strong support for the Akaka-Menendez-Durbin amendment that would require the SEC to issue rules requiring that broker-dealers who provide investment advice are held to the legal standard that offers the greatest degree of investor protection – the Investment Advisers Act fiduciary duty.

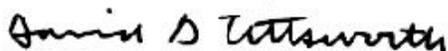
We also are writing to express our support for giving the SEC resources it needs to do its job of overseeing investment advisers. S. 3217 accomplishes this in various ways, including authorizing self-funding for the SEC and shifting authority for about 40% of all SEC-registered advisers to state securities regulators.

We oppose any amendment that would authorize the Financial Industry Regulatory Authority (FINRA) – the brokerage industry’s self-regulatory organization – to extend its jurisdiction to investment advisers. We believe that the self-regulatory model has not demonstrated effectiveness or efficiency. At a minimum, we believe that an examination of FINRA’s transparency, accountability, track record, costs, and conflicts of interest is warranted before it is granted any additional authority. In this regard, we note that expert testimony at Senate hearings last year indicated that FINRA failed to detect either the Madoff or the Stanford fraud despite ample authority to do so.

We commend your attention to the March 8, 2010 Barron’s article “FINRA First Heal Thyself,” a February 20, 2010 Wall Street Journal editorial on “say-on-pay,” and a February 23, 2010 letter from the Project on Government Oversight (POGO) urging Congress to examine FINRA’s poor track record and inherent conflicts of interest.
<http://online.barrons.com/article/SB126783183870056873.html>
<http://online.wsj.com/article/SB10001424052748703315004575073513243944780.html>
<http://www.pogo.org/pogo-files/letters/financial-oversight/er-fra-20100223-2.html>

We appreciate your consideration of our views.

Respectfully,



David G. Tittsworth
Executive Director