April 1, 2009

Mary Schapiro
Chairman, U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Ms. Schapiro;

We have read about your initiative to conduct third-party audits of investment advisers with great interest. In our experience, this is a highly effective approach to investor protection and we would welcome the opportunity to share our experience with any study group or forum that the SEC Staff establishes to develop proposals involving independent audits of advisers.

DALBAR has been conducting third-party audits of advisers since receiving a No Action letter (enclosed) from the SEC in 1998 that exempted DALBAR Ratings from the testimonial rule. These activities were expanded with the passage of the Pension Protection Act of 2006, which required annual audits of Fiduciary Advisers. Our experience is unique in this area and we would be pleased to assist in any way we can.

Our backgrounds in the area are extensive. Louis S. Harvey is the founder and CEO of DALBAR, Inc., which has been a third-party evaluator of investment firms and advisers since 1976. Mr. Harvey has served on the Membership Committee of the NASD. Bruce C. Long was President of Guardian Life and Annuity Company, retiring in December 2007, before joining DALBAR. Mr. Long chaired the FINRA Variable Insurance Products Committee.

DALBAR has developed audit procedures and standards in support of the ERISA and Internal Revenue requirements for independent audits. In conducting these audits, we have acquired a knowledge base that we believe can be effectively applied to proposed SEC third-party audits.

We believe that the SEC initiative should include a review of the Department of Labor and IRS regulations relating to advisers of ERISA plans and IRAs. These regulations are currently under review for possible amendment. A coordinated approach will permit these agencies (DoL and IRS) to make any necessary amendments to avoid conflicting and asymmetrical regulations for advisers.

Additionally, we believe that the third-party SEC audits and those required under the Pension Protection Act should be consistent to reduce the cost and burden on the adviser community. Potential gaps in discovery of deficiencies and compliance can be avoided by synthesizing these audits.

Thank you in advance for your consideration,

Louis S. Harvey　　　　Bruce C. Long

DALBAR, Inc.
Phone: 617-723-6400
Federal Reserve Plaza
600 Atlantic Avenue
Boston, MA 02210
Fax: 617-624-7200