From: Jamieson Grabenhorst [mailto:jgrabenhorst@royalaa.com]
Sent: Wednesday, March 16, 2011 2:58 PM
To: EBSA, E-ORI - EBSA
Subject: Proposal to retirement accounts
Importance: High

This is to express my grave concern over the potential unintended consequences of the proposed changes to Individual Retirement Accounts.

As I understand it, under the new ruling, commissions and 12b1 training compensation could not be paid in IRA accounts. My concern is this ruling would block access to quality advice for millions of small investors. And also may encourage churning of accounts. IRA's make up a significant percentage of most investment advisor client's accounts and therefore will dramatically impact the investment advisors business.

I manage $100million of assets and I work with middle class and wealthy advisors. I believe that everyone deserves good honest advice. The 12b1 model allows for many middle class Americans who do not qualify for fee based accounts to get the same level of advice and service.

12b1 fees, while initially not intended to, are a source of ongoing compensation to the advisor to pay for continued support and monitoring of the account. If this is eliminated from IRA accounts this would have an enormous impact on the financial services industry. In our firm we try to provide the best advice we can to our clients we can both at the time of initially investing the funds, but also (and probably more importantly) throughout the clients lives.

It is my belief that if 12b1 fees are eliminated advisors will be forced to drop many clients who do not have large enough accounts to be economically feasible to manage. The clients are hurt in that they now are in situation where they must invest on their own. In an increasingly volatile world this may have dire consequences to these investors and their ability to retire (and it is also possible that volatility could be increased further by having more inexperienced investors making decisions on their own).

I also believe one of the biggest unintended consequences that there will be a portion of advisors that will be searching for a way to stay in business and may end up looking for additional commissions to compensate and churning accounts may become even more of a concern. Churning and additional commissions would have a significantly larger impact to the investors bottom-line than 12b1 fees currently have.

Investors who want advice need to have the ability to find advisors to help them. Those advisors need to have the ability to earn a living so that they may continue to provide this service to their clients. And having several different business models to work from including fee only, fee based, commission (and that would include the ongoing income of 12b1 fees) provide advisors the ability to provide their clients a valuable service at a reasonable fee.

I therefore implore you to either allow 12b1 fees to continue in their present form or allow for investment companies (mutual fund firms) to compensate advisors on an ongoing basis in a similar fashion as has been done for years. The potential consequences of no advice to Americans given the state of the markets worldwide, complex rules involved as well as the condition of state, federal and corporate pension plans is too great to overstate.

Sincerely,

Jamieson Grabenhorst

Partner

CGC Financial Services LLC

5 Centerpointe Dr Suite 270
Lake Oswego, OR 97035
(503) 670-1958
jgrabenhorst@royalaa.com