

26

November 5, 2003

Dear Reviewer.

Our firm, Pentecost Capital Management, Inc., CRD# 106078, is a very small investment advisory firm. We currently have assets under management of \$37 million. We do not have custody of our client funds. Our clients pick the broker where they want their funds to be held, i.e., directed broker. On page 12 of your proposed rule at Footnote 22 you recognize that firms such as Pentecost are not really in a position to discover a possible money laundering scheme. Therefore, our recommendation is that you exempt firms such as ours from being bound by the new rule. Also, your FN 22 states "in most cases, these custodians are broker-dealers, etc." In our case, all custodians are covered by the BSA. The exception would be for IA that has clients that use custodians regulated under the BSA.

Sincerely,

Michael T. Peyton
Chief Compliance Officer
Pentecost Capital Management, Inc.