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The anti-money laundering programs rules should not apply to investment advisor's who do not also act as custodian of client funds. Advisors are in fact not Financial Institutions. Most rely on third parties (financial Institutions) to house client accounts. The adoption of client account procedures at the custodian level should include the anti-money laundering, source of funds, criminal checks and standard "know your client" documentation procedures. Most Advisory's have only limited power of attorney over client accounts. Fully discretionary services that we provide do not include an authority to move funds in or out of the accounts we manage. Even billing clients must be performed directly with the client. We do encourage the clients to give the custodians authority to debit their accounts to pay our fees but only the amount of the bill we submit to the custodian which must be consistent with the fee stated in account contracts. It is entirely redundant and worthless to demand any entity that does not control the flow of funds in client accounts to take part in these procedures. If the industry provided standards for the custodians that insured the client was clean and in good standing then nothing else would be necessary.

This is wasteful inefficient policy if applied to any entity that does not act as custodian or controls client flow of funds into and out of accounts.

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