

**From:** Robert Doty  
**Sent:** Monday, April 11, 2011 7:18 PM  
**To:** Peg Henry  
**Subject:** Comments on Drafts Proposals Relating to Rules G-17 and G-36

Thank you for this opportunity to comment on the Board's draft proposals to issue a new Rule G-36 and interpretative notices relating to Rule G-17 and G-36.

I do not have extensive comment regarding these proposals because I believe that the Board has made sound proposals.

In particular, I appreciate the Board's sensitivity to the subtleties of the fiduciary duty and its inclusive recognition of the duty of loyalty and the duty of care owed by municipal advisors to their clients. For too long, some advisors, purporting to serve municipal issuers, have focused excessively on the closing of the "deal," rather than on the provision of appropriate advice to their clients. The potential for explicit limitations on the scope of the relationships should alleviate concerns that some may have.

Among other things, the proposal to require that firms clarify for clients the advantages and disadvantages of various forms of advisor compensation is excellent. Too many municipal issuers are gullible regarding the use of contingent compensation payable only after transactions are completed. They do not think through the long-term costs and other relevant implications of contingent compensation that can place advisors, upon whom the issuers rely heavily, in the unfortunate position of sacrificing months of work without compensation when it becomes apparent (or should be apparent to a market financial professional) that a transaction is not in the issuers' best interests. Unfortunately, there are advisors who would plow ahead in order to avoid substantial financial loss, rather than informing the issuer clients either (1) not to proceed or (2) to alter the structure or approach.

I commend the Board for its awareness of these issues for market professionals who have a fiduciary duty, and am hopeful that the Board will continue to act with that awareness and sensitivity as it moves forward with the implementation of the fiduciary duty, fair dealing concepts, professional standards and other aspects of municipal advisor regulation.

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