

Theodore D. Galanides
114 68th Street
Virginia Beach, Virginia 23451

June 12, 2017

Secretary R. Alexander Acosta
United States Department of Labor
200 Constitution Ave. NW
Washington DC 20210

Dear Secretary Acosta:

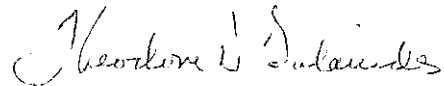
I am a retired Registered Investment Advisor. After being employed by major wire houses for many years I could no longer tolerate the conduct of my fellow employees and firm and I decided to establish my own firm. A former client as well as a data information provider recently asked me for my opinion on the new fiduciary rule. I outlined for them what I believe needs to occur to restore faith in the securities industry. I would like to share those thoughts with you.

"I can tell what should be done and what may be done. Acting in the best interest of the client should have always been the rule for anyone involved in the securities business that is just common sense. How to implement that is the issue. Starting with the mutual fund industry is the first step in the process. There needs to be only one share class, with no internal fees other than management, execution fees and custodial fees and all the other hidden fees need to be removed. Mutual fund companies should not be allowed to be custodians, or brokers they should just manage a pool of assets. When someone buys a fund, the commission should be reflected on the confirmation and the security image is then held by one of the major independent custodians. Mutual funds should be treated like ETF's or common stocks, except that they only can be redeemed at the close of business. This alone probably resolves most the issues that the industry faces. Next are annuities, a real fee generator which needs to be cleaned up in a similar fashion as mutual funds. It will be more complicated but it must be done to clean up the industry. All commissions on bonds need to be reflected on the confirmation that includes what the trading desk adds before the broker's markup. In many instances that is ten points (\$10.00 per \$1000) or more which is just short of thief.

With these three changes the only item to address is brokerage commissions or RIA management fees and the SEC and Labor Department can mandate that annual fees cannot exceed XXX of the total value of the assets and that all ERISA accounts fees and commissions cannot annually exceed XXX percentage and must be printed on the year-end 1099R for the client to see. Implement these suggestions and you have cleaned up the garage pit that the industry has become.

When I had my own RIA firm I charged a different annual percentage on each asset class. For example, I charged only two basis points annually (.002%) on money markets, as low as 10 basis points on fixed income, as low as thirty basis points on mutual funds and as low as fifty basis points on equities, and ETF's. My blended annual rate was between forty and sixty basis points depending on the asset size of the account. I am sometimes ashamed to tell people I was in the securities business; over half of the brokers should be expelled for their conduct."

Sincerely:

A handwritten signature in cursive script that reads "Theodore D. Galanides".

Theodore D. Galanides

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