

October 12, 2011

Dear Client,

The Securities and Exchange Commission (SEC) recently passed the amended SEC rule, *Custody of Funds or Securities of Clients by Investment Advisers*, which represents a push toward more stringent controls over client assets.

Cadaret, Grant & Co., Inc., our broker/dealer, will have an annual surprise examination by an independent public accounting firm to verify client assets. Cadaret, Grant has contracted with ParenteBeard, LLC to conduct the exams, which will be completed by year-end, and annually going forward. The clients selected will receive a letter from Cadaret, Grant to confirm the funds and securities held in the account, as well as contributions and/or withdrawals. You may or may not be selected. In the event that you are selected, I wanted to inform you of the process.

Due to the surprise nature of the examinations, I do not know when ParenteBeard will arrive for the audit. The day that ParenteBeard visits Cadaret, Grant will be the date they will confirm holdings "as of." Investors receive statements at month-end if they have activity in their account, or at quarter-end if they do not. However, you could receive a confirmation letter mid-month from Cadaret, Grant that requests verification of the account balance as of that date. Therefore, it's important for you to pay attention to the dates on the confirmation and take that into consideration when replying to ParenteBeard.

The confirmations are required to be returned to the accounting firm, which will reconcile them with the investment advisor's records. To protect account information, it's important for you to verify that the letter comes from Cadaret, Grant and requests to be returned to ParenteBeard. Due to the surprise nature of the examination, I do not know how many, if any, of my clients will be selected and receive this letter.

Please feel free to call me at (315) 446-5797 if you have any questions or want to talk more about the amended SEC rule.

Sincerely,

Susan Budrakey
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