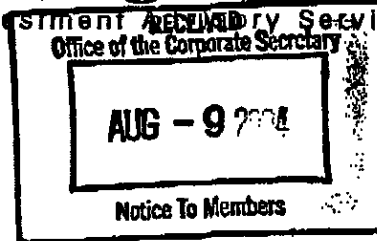


Pentec Capital Management, INC.

Investments*, Insurance and Registered Investment Advisory Services
Office of the Corporate Secretary

August 5, 2004

Barbara Z. Sweeney
National Association of Securities Dealers
Office of the Corporate Secretary
1735 K Street, NW
Washington, D.C. 20006-1500



Subject: NASD Rule Imposing Specific Suitability and Disclosure Requirements for Deferred Variable Annuities

Dear Ms. Sweeney:

I am a licensed insurance professional and in the midst of becoming a variable product salesperson. Others in our firm who have sold variable products join me in my concern about the redundant disclosure and suitability standards contained in NASD's proposal on the sale of variable annuities. We all feel that imposing specific suitability and disclosure requirements are unnecessary and will provide no meaningful protection to consumers. *I urge you to withdraw the proposal.*

Our firm firmly believes that anyone who engages in misleading sales practices should be aggressively prosecuted and subject to meaningful sanctions. NASD rules already contain suitability provisions that apply to all sales of securities, including variable annuities. We feel that appropriate enforcement of the existing suitability provisions rather than adopting a new rule would be a greater benefit to the consumer. Moreover, variable annuity prospectuses, which are reviewed by the SEC, already discuss the fees, risks and expenses associated with variable annuities. Requiring a separate "risk disclosure document" would duplicate information already found in the prospectus and may reduce the likelihood that consumers will read the most important source of information on the product — the prospectus. Rather than invest your time and efforts in establishing a new disclosure document, we would encourage NASD to focus its efforts on getting consumers to carefully read the prospectus they receive.

We do not see a need for the proposed new suitability and disclosure requirements for deferred variable annuities; nor do we see a need for such disclosures on all variable annuity products and urge NASD to withdraw the proposed rule. Thank you for your consideration of our views on this important matter.

Sincerely,


James G. Palma, Jr.
Vice President

C: Michael Callahan, President, Pentec Capital Management, Inc.