

Date: August 27, 2009

Subject: File No. S7-18-09: Political Contributions by Certain Investment Advisers

From: Mr. Charles P. Eaton

Affiliation: Founder & Managing Director -- C.P. Eaton Partners, LLC

On behalf of C.P. Eaton Partners, LLC, one of the oldest independent placement agents operating on a global basis, I write in support of the proposed pay to play restrictions and ban on political contributions set forth in proposed SEC Rule 206(4)-5 but against the blanket ban on the use of placement agents by investment advisers seeking to do business with public funds.

We are a global firm with 35 employees in offices in Connecticut, California, London and Shanghai. Representing private equity, alternative investments funds, and investment advisers to institutional investors is 100% of our business, and each member of our professional staff is fully registered and compliant with all applicable SEC, FINRA, FSA, and other regional and local registration requirements. We have always operated with full disclosure and rely on our experience and expertise in presenting our clients to institutional investors. Consequently, we are in a position to be negatively impacted by those who would seek to influence investment decisions through corrupt pay to play and political contribution strategies. Therefore, we applaud and support the SEC's proactive efforts to deter and eliminate these illegal pay-to-play practices which have so unfairly cast our industry in a negative light.

With respect to the proposed total ban on the use of placement agents by investment advisers seeking to do business with public funds, we are strongly against this proposal as we believe it is overbroad and will in fact limit the investment choices of the public funds which the Rule purports to benefit.

Like many of our competitors, we are in regular contact with over 2,000 institutional investment organizations, primarily in North America and Europe, and we probably deal with close to 10,000 individual investment professionals over the course of a year. Fund managers engage us due to these extensive networks. No small or new manager could possibly have the ability to identify or reach out to that many prospective investors during their fund's offering period. Likewise, the research resources of public investment fund managers are also often limited, and without the assistance of a placement agent, there would be no way for them to be able to become aware of what very often is a compelling investment opportunity with a new fund.

In 25 years, we have raised money for approximately 70 investment advisers and private fund managers. Many of these fund managers are minority or women owned. Approximately 80% of the funds we have worked with were first time fund managers who would not possibly have found investors without the help of a firm such as ours.

On behalf of our clients, we have received investment commitments from 875 different institutional investors, including public and private pension funds, endowments,

foundations, insurance companies, financial institutions, family offices and fund of fund managers. No one institution has accounted for more than even 1% of the funds we have raised, and we rarely do business with any institutional investor more than once every few years.

There are several hundred placement and third party firms in our industry which together employ thousands of people. Some of our larger competitors have raised money for hundreds of firms, and over the past 25 years our industry has helped thousands of investment advisers reach the institutional market with total funds raised probably exceeding a trillion dollars.

Without the assistance of placement agents, the investment opportunities shown to institutional investors and public funds would have been significantly reduced, and consequently, the portfolio returns of the institutions that would have been denied access to funds represented by placement agents would have been significantly impaired.

In our view, the ban on the use of placement agents by investment advisers seeking to do business with public funds is overbroad and will negatively impact the opportunities available to public funds and smaller investment advisers, to say nothing of the impact on the placement agent industry itself, without any consequent benefit. We believe the pay to play and contribution restrictions will be sufficient to remedy and prevent past abuses, and we welcome them as we support all measures which will tend to improve the perception of the placement agent industry in general. In fact, we have advocated a “code of conduct” which full service placement agents could adopt to demonstrate the ethical standards pursuant to which they conduct their business.

In conclusion, we support the provisions of proposed Rule 206(4)-5 restricting pay to play and certain political contributions as we believe they are targeted and will be effective in preventing future abuse, but we do not support the ban on placement agents by firms doing business with public funds because the harm it will cause will far outweigh any potential benefit.

Respectfully submitted by:

C.P. Eaton Partners, LLC