LACERA Los Angeles County Employees Retirement Association
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January 4, 2012

**SUBMITTED VIA EMAIL TO**
**rule-comment@sec.gov**

Elizabeth M. Murphy
Secretary, U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

**Re: File No. 4-617; Study on Extraterritorial Private Rights of Action**

Dear Ms. Murphy:

The Los Angeles County Employees Retirement Association ("LACERA") respectfully urges the Securities and Exchange Commission to make a finding that the antifraud provisions of the Securities Exchange Act should apply to securities purchased and sold outside the United States by U.S. investors, that they should be extended to *private* rights of action to the same extent as provided to the Commission under the Dodd-Frank Act, and that the Commission recommend to the U.S. Congress that the Act be so amended.

LACERA administers and manages the retirement fund for the County of Los Angeles. With over 158,000 members and $36 billion in public pension fund assets under management, we are the largest county retirement system in the United States.

As a long term investor and owner of domestic and foreign bought securities, we recognize that private securities litigation is a valuable part of the overall enforcement regime that deters securities fraud, compensates defrauded investors, promotes investor confidence and facilitates the fair and efficient functioning of our capital markets.

Unfortunately, the decision by the United States Supreme Court in *Morrison v. Australia National Bank Ltd.,* 130 S.Ct. 2869 (2010) ("Morrison"), has effectively thwarted the ability of long-term investors like LACERA to continue to bring, participate or obtain a recovery in a securities fraud action involving the fund's foreign investments. This is true even where the alleged fraud occurs entirely within the United States. Consequently, under *Morrison,* unless LACERA were to buy all of its securities on U.S. exchanges, we can no longer use the American courts to fully protect our interests.

Not surprisingly, the fallout from *Morrison* has been widespread. Federal courts throughout the country have applied the decision with gusto to dismiss a wide variety of claims by U.S. investors who purchased their securities on non-U.S. exchanges.[1] And since over 28% of LACERA's assets are currently allocated to international equity, *Morrison* will substantially hamstring our ability to recover losses stemming from fraud or manipulation of the securities markets. More directly, the *Morrison* decision jeopardizes recoveries to public pension funds, while giving those who perpetrate fraud under the banner of a foreign exchange a

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[1] *See e.g., Cornwell v. Credit Suisse Group, Inc.*, 2010 U.S. Dist. LEXIS 76543, 2010 WL 2069597 (S.D.N.Y. July 27, 2010); *In re Alston SA Sec. Litig.,* 2010 U.S. Dist. LEXIS 98242, 2010 WL 3718863 (S.D.N.Y. Sept. 14, 2010); *In re Societe Generale Sec. Litig.,* 2010 U.S. Dist. LEXIS 107719, 2010 WL 3910286 (S.D.N.Y. Sept. 29, 2010); *Elliott Associates LP v. Automobil Holding SE, Case No. 1:10-cv-00532, Doc. No. 52* (S.D.N.Y. Dec. 30, 2010).

literal get-out-of-jail-free card. The events of the past few years have clearly illustrated that any gaps in a well-regulated financial market are soon filled by those eager and willing to prey upon investors with no means of discerning the truthfulness or viability of a grafter's claim. *Morrison* provides a gap so profound as to entice predatory schemes and further diminish the public's trust in the securities markets.

On behalf of LACERA and its more than 158,000 active and retired members, I therefore respectfully urge the Commission to make a finding that the antifraud provisions of the Securities Exchange Act should apply to securities purchased and sold outside the United States by U.S. investors, that they should be extended to *private* rights of action to the same extent as provided to the Commission under the Dodd-Frank Act, and that the Commission recommend to the U.S. Congress that the Act be so amended.

Respectfully submitted,

Robert S. Van Der Volgen, Jr.
Chief Counsel