

October 1, 2009

Dear SEC Chairman and Board Members:



strategic
capital
partners

We are aware of the recent developments in New York regarding the acts of Hank Morris and David Logiseli and their "pay to play" abuses. We are also aware of the efforts by Mr. Cuomo to clean up these abuses. As such, we welcome the vast majority of the SEC proposals that serve to correct these situations. However, we disagree with the SEC's suggestion to ban an entire industry of placement agents from calling on publicly sponsored pension plans.

Strategic Capital Partners is an emerging investment fund manager focused on the real estate sector. We formed our company in 2005, and like many other emerging managers, one of our biggest challenges was finding capital from investors to fund the growth of our business. Since we did not have any meaningful prior investor base or internal marketing staff, we had to rely on the services of an experienced placement agent to assist us in the formation of our investment management business.

As a new firm, our placement agent had to assist us in the process. They helped us formulate our strategy, pull together the prior investment experience of our principals and formulate a marketing plan. They advised us in designing the structure and terms of our fund, helped us prepare all our marketing materials and coached us on how to best communicate our story in meetings with investors.

They identified, prescreened and prioritized hundreds of potential domestic and offshore institutional investors, including public and corporate pension funds, endowments, and foundations. They introduced our firm, our investment strategy and our investment vehicle to those investors. They arranged the investor meetings, moderated those meeting to help keep them on-point and coordinated any follow-up items to ensure they were handled thoroughly and timely. They helped us resolve various investor issues and worked closely with us post-closing to ensure that our investor communications were thorough and consistent with institutional standards. By any account, we were successful in our fundraising and our placement agent, Triton Pacific Capital, played a very critical role in that success.

We know first hand the value that qualified placement agents can provide particularly to emerging, small and mid-cap investment management firms. Without such services, smaller firms have limited access to the institutional market. Likewise, pension funds will be prohibited from participating in the entrepreneurial strategies and success of companies like ours.

We have found from our own investors that they rely upon the services of placement agents to help them identify, pre-screen and evaluate investment managers that they would otherwise be unaware of. They recognize that without the services of qualified placement agents, their access to opportunities from emerging, small and medium-sized investment management firms would be dramatically limited.

We recommend to the SEC to eliminate the ban, and instead embrace the following regulatory oversight suggestions:

- All placement agents, investment advisers and consultants are treated exactly the same regarding prohibited contributions—a two-year ban on doing business with any governmental agency to which a prohibited contribution is made.
- SEC implements a ban on any investment manager, consultant or placement agents from making, or soliciting to make, any contributions to any government entity from which they are soliciting business.
- SEC incorporates more regulation, oversight and/or independent board review of government employees who control (or have influencing control over) investment decision making or alternatively, require these governmental entities to revise their investment decision-making structures to reduce the opportunity for such individuals of influence to perpetrate ‘pay-to-play’ schemes.
- SEC requires the disclosure of any compensation made to a placement agent by an investment adviser, including any political contributions
- Placement agents are prohibited from “soliciting” any institutional investors, including public pension plans, unless it is done by: i) qualified placement agents properly licensed with SEC and FINRA; and ii) full time employees operating through a fully licensed Broker Dealer and supervised by a properly licensed securities principal.

Thank you for taking our views into consideration on this very important matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Richard H. Hurd, Jr.', written over the word 'Sincerely,'.

Richard H. Hurd, Jr.
President and Chief Investment Officer