BerchWood Partners

NEW YORK
LONDON
BOSTON
CHICAGO
SAN FRANCISCO

October 5, 2009

Ms. Elizabeth M. Murphy
Secretary Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-0609

RE: File No. S7-18-09
Political Contributions By Certain Investment Advisors and the Ban on the Use of Third Party Agents

Dear Madame Secretary

BerchWood Partners LLC is a small placement agent based in New York City. We also have offices in San Francisco, Boston, Norwalk (CT), and London. It is registered as a broker/dealer with the SEC, FINRA, as well as with a variety of state jurisdictions. Its London affiliate is also registered with and is authorized by the Financial Services Authority.

BerchWood was formed in 2000, and serves as a placement agent for alternative investment advisors. Since our formation, we have represented over 20 separate funds and assisted them in raising capital from large institutional quality investors around the world. These investors have included both public and private pension funds, foundations, endowments, funds of funds, private family offices, and other financial organizations.

Our clients/investment advisors have been based in the US, Europe, Africa, the Middle East, and Asia. Without exception, each of our clients would be considered to be an "emerging manager" when BerchWood became engaged with each initial assignment.

We are writing to express our support for the SEC's general approach to ban "pay-to-play" activities within the public entity investment community. In our experience, BerchWood has never been approached, directly or indirectly, to participate in pay-to-play activities. In the vast majority of cases, we have found that public entity representatives have been honorable and forthright in their dealings with BerchWood and our clients. To learn of specific instances where pay-to-play has influenced investment programs is not only ethically repugnant, but also indicates that decisions have been made on factors other than qualifications and merit. This is not only a disservice to the industry, but also could be seriously damaging to the ultimate beneficiaries of the respective investment pools.

599 Lexington Avenue, Suite 2750 | New York, NY 10022 | Phone: 212-201-3939 | Fax: 212-201-3920 | www.berchwoodpartners.com

While we support efforts to ban pay-to-play, we strenuously object to the proposed ban on the use of placement agents by investment advisors to assist in the raising of capital from public entities. Our objection is based on several factors.

1. We are offended that the SEC would consider a blanket ban on a class of businesses because of the alleged misconduct of a few individual industry participants. The singular approach to a segment of the industry is not justified by the facts, and it is totally inconsistent with the approach the SEC is taking with other misconduct in the investment industry. As an example, the SEC is not banning the use of hedge funds because of the discovery of Ponzi schemes.

2. Rather than increase the transparency in the investment process, the proposed ban would in fact make the process less transparent. Currently, our firm is subject to a variety of reporting and record-keeping requirements. In addition, we are subject to review and audit by each of the regulatory bodies with whom we are registered. This set of regulatory regimes not only provides transparency for pay-to-play, but also extends to issues such as anti-money laundering and suitability. Should the proposed ban be implemented, one of the inadvertent consequences would the denial of these additional protections to the public entity investor.

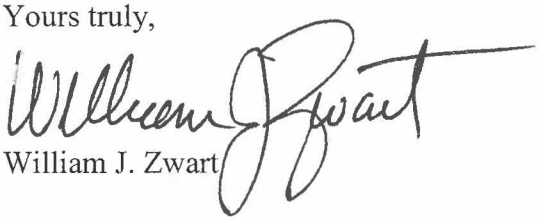
3. There is no doubt that emerging managers would not be able to effectively access or approach the public entity investment community without the support of the placement agent community. This is not a disparaging view of the newer and/or smaller investment advisors. Rather, it is an acknowledgement that smaller firms may not have the internal resources or the background to efficiently and successfully approach the broad universe of institutional investors. To be successful, the investment advisor needs more than simply a list of names. The process must also include an understanding of the investment preferences and parameters of the individual investor. These requirements can be both unique and perplexing when dealing with public entity investors. Overcoming these hurdles can be difficult to impossible for the new manager who may and probably does have limited resources. This is particularly true for managers who may be based outside of the US.

4 Finally, we note that the proposed ban would have consequences that extend beyond the investment programs of public entities. By implementing the ban as proposed, the SEC will effectively be limiting the ability of investment advisors to use placement agents to solicit investors from Funds of Funds who have underlying public entity investors, as well as from consultants who may have public entity clients. In each of these cases, it is assumed that any compensation received through these FOF or consulting relationships could be considered as indirect compensation. The net result would be to extend the effect of the ban to an investor universe that could be substantially larger than the public entity universe that the proposed rules are purported to protect.

In summary, we support the efforts to control and eliminate practice of pay-to-play. However, we object to the proposed ban on the use of placement agents when soliciting investments from public entities. Rather than prohibit the use of registered agents such as BerchWood, we believe the Commission should take advantage of the already existing regulatory framework to enhance disclosure and compliance. To accept the proposed ban would not only be ineffective but also be counterproductive, carrying with it a wide and detrimental set of unintended consequences.

Thank you for your consideration.

Yours truly,



William J. Zwart