



527 Genter, La Jolla, CA 92037

October 5, 2009

Dear SEC Chairman and Board Members:

I am the Founder and CEO of a hospitality consulting, design and development company. In my many years as a business executive, I have had the opportunity to work with a number of institutional investors and placement agents, and I fiercely disagree with your proposed banning an entire industry of placement agents as a way to address 'pay-to-play' scams. The ban is both ineffective and grossly unjust. When certain professional athletes, whether basketball, baseball, biking, etc., are caught taking steroids, you don't see the governing authority banning an entire team or all athletes in that particular sport, so why would that obviously irrational and unfair approach be deemed appropriate as a 'pay-to-play' solution?

Like corruption in any industry, illegal schemes like 'pay-to-play' are always the result of a very small number of individuals and, thus, banning an entire industry is highly prejudiced. In addition, without the complicity of government employees and investment managers, a 'pay-to-play' scheme could NEVER occur, regardless of any corruption on the part of placement agents.

Investment bankers/placement agents have played a value-added role in the private equity should be prohibited because:

- Small and/or emerging investment managers will be forced to operate at a huge disadvantage to large investment managers.
- Pension funds will see a dramatic reduction in their access to potential opportunities from small investment managers.
- Pension funds will no longer be able to use placement agents to help them pre-screen investment manager candidates.

I strongly urge the SEC to eliminate the ban on placement agents and instead ban all political contributions by any placement agents, investment advisers and consultants and apply more stringent and equal regulatory oversight over all the parties involved in the investment process, including government employees.

Sincerely,

Robert Watson