MONITOR CLIPPER
PARTNERS

October 6, 2009

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

Re: Comments on Release No. IA-2910; File No. S7-18-09; "Political Contributions by Certain Investment Advisers"

Dear Ms. Murphy:

We appreciate the opportunity to comment on the Securities and Exchange Commission's proposed new Rule 206(4)-5 under the Investment Advisers Act of 1940 regarding the use of political contributions by certain investment advisers to obtain investment advisory business from the governments of states and municipalities, a practice known as "pay to play."

Monitor Clipper Partners ("MCP") is a middle-market private equity firm founded in 1997. To date, the firm has invested approximately $1.5 billion into 33 companies. During the course of our investments, we have supported the growth and expansion of these companies, enabling them to become stronger taxpayers, and created wealth for our investors. Among our investor base are public pension funds that benefit from investing with Monitor Clipper Partners.

MCP is currently investing its third fund. We have engaged placement agents to help us raise each of the funds we have invested. There are a number of benefits that accrue to our investors, including public pension funds, as the result of our use of placement agents in the fundraising process.

The fundraising process occurs sporadically – generally every three to four years, depending on the pace of investment for the current fund. The fundraising workload is quite substantial, pulling time away from making, monitoring, and exiting investments profitably for the benefit of our investors. Absent the ability to use a placement agent, fundraising would completely dominate a fund manager's time for at least one out of every three to four years. Because the fundraising process occurs sporadically, it is unrealistic for all but the largest fund managers to retain full-time professionals whose sole role is that of fundraising. Therefore, absent a placement agent, every three to four years a fund manager can lose up to a year's worth of investing time – which can have consequences for the manager's portfolio of investments and, therefore, for the investors. Investors invest with a fund manager because they want it to put its talents to work at finding, growing, and selling companies to generate returns. They do not want the manager to spend inordinate amounts of time fundraising. This is the reason that high quality institutional investors work with placement agents, so that the placement agent will have a clear

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understanding of the investor's preferences, appetites and investment processes. Because a placement agent is in continual dialogue with investors, the agent will be far more efficient than a fund manager could ever be on their own matching a firm's investment strategy and profile to an investor's criteria. The placement agent's knowledge base streamlines processes for both fund manager and investor alike, leading to efficiencies for both.

MCP agrees with the Commission's statement in the Release that "pay to play practices undermine the fairness of the selection process when advisers seeking to do business with the governments of states and municipalities make political contributions to elected officials or candidates, hoping to influence the selection process." However, we believe that banning all placement agents from intermediating between firms such as ourselves and public pension plans is an over-reaction to the problem of pay to play practices that will only serve to make it more difficult for public pension funds to have access to all but the largest investment programs (because these programs have full-time in-house fundraising staff and, therefore, no need for placement agents), thereby limiting public pension funds access as an investor to a relatively small portion of the alternative asset universe.

MCP believes that a more tempered approach – an approach that puts a placement agent's placement fees and a fund manager's management fee income at risk in the event that pay to play practices are found to have been engaged in by the fund manager's placement agent – will serve as an adequate deterrent to improper pay to play behavior.

We believe that fund managers should have the choice of whether or not to use a placement agent on the understanding that, if a fund manager engages a placement agent, the fund manager and placement agent would both be liable to observe a "time-out" if their agent was found to have engaged in pay-to-play activities that resulted in a commitment to that fund manager. During this "time-out," the placement agent could not charge placement fees, and the fund manager could not charge management fees, on any capital committed as a result of such pay to play activities.

In summary, the role of a quality placement agent in the fundraising process is of great value to both fund manager and institutional investor. MCP supports the Commission's efforts to halt pay to play activities, but encourages the Commission to enact the "time-out" approach rather than the wholesale banning of the use of placement agents by public pension funds.

Sincerely yours,

April Evans
Chief Financial Officer