



T: 617.330.7000 F: 617.330.7550
50 Rowes Wharf, Boston, MA 02110

Michael Unger
Direct Dial: (617) 330-7075
E-mail: munger@rubinrudman.com

October 6, 2009

VIA ELECTRONIC MAIL

U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

RE: File No. S7-18-09: Political Contributions by Certain Investment Advisers

Dear Commission Members:

I write to comment upon the SEC's proposed rule to ban placement agents representing their investment manager clients before government pension plans. I am aware that the proposed rule has generated considerable discussion and comment from various interested parties and particular interest from those who serve as placement agents, both within the United States and in the international financial marketplace.

I have been a securities attorney for over 30 years, representing numerous broker-dealers and investment advisors. Some of my clients are registered broker-dealers who are exclusively engaged in assisting money managers of all sizes in placing their services with institutional investors, both public and private. My personal observation as an attorney is that the placement agent segment of the financial services industry exhibits the highest standards of ethical conduct and business practices, particularly when compared to some of those industry entities that have exhibited less than the highest ethical standards, resulting in so much public attention and regulatory action over the past several years.

In many ways, placement agents often serve as gatekeepers for institutional investors, both public and private. The placement business is one based firmly upon reputation and usually involves institutions investing tens of millions of dollars. Accordingly, it is in the best interest of a placement agent to represent only the most scrupulous and ethical fund managers on whose behalf they will make introductions to prospective investors.

In order to protect their reputational value, first rate placement agents will conduct lengthy and expensive due diligence before they agree to undertake representation of a money manager. The intricacies of a money manager's approach to investing is not always easily grasped, and placement agents spend many months, if not years, in working with their money manager clients and prospective investors to be sure that there is full understanding by both parties prior to an investment being made. It is an effort not without reward if successful. However, it is very important to recognize that the universe of government pension funds varies from small to large. Local government pension funds may not always have access to advisors with the depth of knowledge and experience as those who service large public and private institutions. Placement agents serve an important and useful function in assisting both fund managers and prospective investors by distilling considerable amounts of information in a way that is understandable, thereby enhancing the investment decision making process.

The portion of the rule that proposes banning the use of placement agents with respect to government pension plans is ill-conceived and appears to be an overreaction to several instances where political pay-to-play conduct was involved. In offering my comments, I do so from the perspective of having been the Director of the Massachusetts Securities Division and having served as a president of the North American Securities Administrators Association. Accordingly, I fully understand and appreciate the need for tough, sensible and carefully conceived rules. However, a well intentioned rule that is aimed at an extraordinarily small number of outliers and very narrow area of misconduct, and which displaces an entire area of business of reputable placement agents and the benefits they provide to institutional investors and fund managers, serves no public interest and indeed, may be detrimental.

I appreciate the opportunity to offer my comments above.

Very truly yours,



Michael Unger