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Elizabeth M. Murphy, Secretary  
Securities & Exchange Commission  
100 F Street, NE  
Washington DC 20549-0609



**File No. S7-18-09: Political Contributions by Certain Investment Advisors**

Dear Madame Secretary:

This letter is written to oppose regulation as proposed regarding placement agent use by public pension funds. It is ironic that I find myself choosing to write you this letter in that I have been a long-term critic of the use of placement agents by highly professional public or private pension and investment organizations. This has been my personal professional view as it relates to the South Dakota Investment Council, a solidly successful public investment organization during my 32 plus years as Chief Investment Officer. Though I have historically believed that the marketing of virtually all Wall Street products are prone to conflict, to simply disallow by regulation the use of one of those marketing avenues (private placement agents) is using a sledgehammer to deal with the issue. I strongly suggest that the needed reform to eliminate undue marketing influence both for private placement agents, and for that matter all aspects of the sell side of the investment industry, focus on eliminating political/financial influence. This can most directly be done by banning political contributions and enforcing extraordinarily harsh financial penalties on any in the industry who attempt to inappropriately influence investment management decision makers.

The current recommended approach by the SEC of simply banning private placement agents would have negative impacts. It would deprive less sophisticated state and local pension plans who depend on outside entities, such as placement agents, to do a significant amount of their due diligence which ideally, but not realistically, those plans would be able to undertake themselves. One could also argue that the second or third tier newer firms, often times owned or partially owned by minorities and women, would have a more difficult time trying to undertake the arduous marketing process without the help of an external marketing department, which is an important role of private placement agents.

Relative to my general negative perception of the overall marketing conflicts of interest that exist throughout the investment industry, you might want to review former SEC Chairman Arthur Levitt's book, *Take on the Street: What Wall Street and Corporate America Don't Want You to Know*. Mr. Levitt is one of my heroes and he, like me, believes in strong and enlightened SEC regulation of the securities industry.

Good luck as you pursue the best solution to this difficult issue.

Sincerely,

Stephen R. Myers  
Senior Advisor/CIO Emeritus