



*Pension Reserves Investment Management Board*

84 State Street, Second Floor  
Boston, Massachusetts 02109

Timothy P. Cahill, Chair  
Michael Travaglini, Executive Director

August 26, 2009

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



Re: File No. S7-18-09

Dear Ms. Murphy:

On behalf of the Massachusetts Pension Reserves Investment Management (PRIM) Board, I am writing to provide comment on the proposed SEC rule referenced above. The nine member PRIM Board oversees the investment of \$40 billion on behalf of Massachusetts state employees and state teachers.

In the wake of the most recent "pay to play" scandal in New York, my colleagues and I certainly agree that more can be done to prevent a recurrence of such events. However, an outright prohibition on the use of placement agents, a long-established and legitimate component of a plan sponsor's exercise of its fiduciary obligation, constitutes an extreme suggestion that would serve to harm the financial interests of investors like ourselves. "Legitimate" placement agents, as distinguished from the individuals involved in the New York scandal, have long served to help the PRIM Board source high quality investment opportunities, especially in certain asset classes like private equity. It is difficult to fathom how a political corruption case has led to the conclusion that placement agents as a group are the source of the problem.

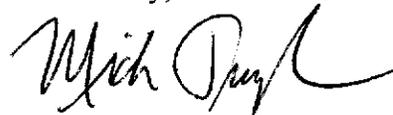
To be fair, the part of the proposed rule which further regulates political contributions to elected official-trustees is entirely understandable, as well as any additional disclosure or registration requirements that might surround the use of placement agents. Here at the PRIM Board, we have long required the disclosure of any third-party relationships utilized by asset management firms seeking our business. In the wake of the recent scandal, we have revised our disclosure documents to seek more specific and detailed information about the economics of such relationships. We also have independent procurement audits (SAS 70) performed on an annual basis of every decision to hire investment managers. Such audits serve, in my view, as a much more

effective deterrent to decisions that might be made for reasons other than objective investment criteria.

The New York scandal also raises a number of issues regarding pension fund governance, which I know is not addressed in the proposed rule referenced above. But the only individuals seeking political contributions are candidates for political office, and when the decision making authority at any pension fund rests with a sole trustee who is an elected official, the opportunity for pay-to-play pressures is only magnified.

In closing, thank you for the opportunity to be heard on this important matter. We believe the Commission should strongly resist the politically expedient suggestion that an outright ban on the use of placement agents is somehow good for plan sponsors; nothing could be further from the truth.

Sincerely,

A handwritten signature in black ink, appearing to read "Mich Travaglini", with a stylized flourish extending to the right.

Michael Travaglini  
Executive Director

Cc: Board Members