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Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: File No. S7-18-09, Political Contributions by Certain Investment Advisers: Ban on Use of Placement Agents

Dear Ms. Murphy:

As a former SEC Enforcement Attorney, I share concern over the criminal acts of a limited few, primarily unlicensed or otherwise unqualified intermediaries ("Unlicensed/Unqualified Finders") but cannot support the ban as to all licensed Broker/Dealers and their Associated Persons ("Licensed Placement Agents").

After founding Kalorama Capital in 2000 as an outgrowth from my prior law firm practice, we have expanded to include six licensed securities professionals, five of whom have a Masters of Business Administration and one a Juris Doctor. We all have passed the Series 7 and 63 examinations while two of us also have passed the Series 24 principal examination and one a Series 22.

Kalorama Capital focuses primarily on capital raises for small to mid-sized private equity funds and/or debt funds, including but not limited to emerging managers.1/ Originally, small fund clients were Small Business Investment Companies("SBIC") licensed by/seeking licensure from the Small Business Administration. After October 2004 reductions in the SBIC Program, we have refocused our principal efforts to capital raises for non-SBIC funds.

How does a small to medium-sized fund benefit from using a placement agent? Small GP's lack the in-house staff to market their new funds although they are often emerging funds which lack a recognized brand. Moreover, for other than first time funds, their main endeavor is investing and managing investments for their Limited Partners.

1/ Client funds primarily range generally from $150 million to $500 million. Although, one capital raise was approximately $1.3 billion, that was not representative of firm clients.

Licensed Placement Agents provide substantial services that exceed identification of/introduction of investors. This may also include:

1. Pre-marketing guidance
2. Development of marketing materials
3. Input to the Private Placement Memorandum
4. Strategic advice on fund structure
5. Assisting in data preparation
6. Negotiating with potential LP's

In its broad sweep, the current proposal fails to distinguish between contacts made with professional investment staff and political decision makers at public pension funds. Moreover, certain state pension funds, such as Missouri State Employees' Retirement System ("MOSERS"), have already created their own procedures to address this concern.

By not distinguishing between political decision makers and purely financial/investment staff, a broad generalization has been made that placement agents are seeking to obtain favorable decisions unrelated to merit. In actuality, our experience has been the direct opposite: communicating with investment staff, working through performance data or addressing other substantive questions without regard to the political process. Accordingly, rather than the analogy drawn to municipal securities, the closer parallel is between a Licensed Placement Agent's presenting a specific fund investment and a Licensed Associated Person's presenting an Initial Public Offering ("IPO") to the same public pension fund. Is the public interest served by allowing public pension funds access to a wide array of IPO's through licensed personnel but not to private equity funds? In both cases, an intermediary is generally compensated based upon their placement/sale's being successfully closed. The critical factor should be that the intermediaries are qualified and duly licensed not that they receive fully disclosed transaction based pay.

Secondly, there are many regulatory avenues that could be utilized absent a total ban of Licensed Placement Agents. For example, the Foreign Corrupt Practices Act addresses parallel concerns abroad. Alternatively, the Patriot Act's independent certification required of Broker/Dealers could include a parallel/concurrent domestic certification.

Thirdly, how would the proposed regulation address a fund presented by a Licensed Placement Agent to a registered investment adviser or bonafide private equity consultant? He/she might have no contact with that adviser's underlying public pension fund client(s) and only discover their identity prior to closing. Would the adviser be unable to acquaint its pension fund client with the new fund even if it were good fit for the latter's portfolio? Would a Licensed Placement Agent who had no contact with the public pension fund be required to forfeit any transaction based pay as related to a closing by such a pension fund? In such a case, there would have been no opportunity for the licensed intermediary to exert political, or any other, pressure on the investor.

At a confluence between the global economic crisis and several highly publicized securities cases, the public interest is best served by a showing that Section 15 of the Exchange Act and the rules thereunder provide an effective enforcement tool. By permanently barring all Licensed Placement Agents from a sector of the marketplace, the Commission would be conveying the impression that there was no level of effective regulatory oversight that could be effective.

Accordingly, we strongly urge that the actions of certain primarily Unlicensed/Unqualified Finders not result in Licensed Placement Agents' being barred as proposed.

Respectfully Submitted,