



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007



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September 9, 2009

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

Re: File Number S7-18-09
Political Contributions by Certain Investment Advisors

Dear Ms. Murphy:

On behalf of the City of New York, which manages one of the largest public pension funds in the country, I applaud the Commission's efforts to rein in harmful "pay to play" practices. The City strongly supports all efforts to eliminate corruption by limiting campaign contributions to elected officials and candidates in positions of influence over the selection process of investment managers for public pension and other government sponsored investment funds. In fact, the City of New York already has its own regulations designed to deter the very same sort of conduct targeted by the Commission. Under local campaign finance laws, political contribution limits are set for entities doing business with the City of New York, which include investment managers, investment consultants and private equity firms. The City's campaign finance laws are silent with regards to "bundling" by entities doing business with the City and do not apply to family members of people doing business with the City. The proposed rules would close the above mentioned loopholes thus further strengthening the City's campaign finance laws.

Pay to play practices clearly undermine the open competitive process by which government contracts are to be awarded. Not only is the public trust violated when public officials engage in unscrupulous activities, financial harm may ensue to the citizens, employees, and retirees of the City of New York. When lucrative investment contracts are awarded to those who pay to play, public pension funds may end up receiving substandard services and higher fees, resulting in lower earnings. Because the City is legally obligated to make up any shortfall in the pension system assets to ensure full payment of pension benefits, pay to play practices can potentially harm all New Yorkers.

New York City taxpayers deserve to know that elected officials, who act as fiduciaries of the pension systems, are making decisions based on the best pension investment rather than their own interest in raising funds for political campaigns. While the proposed rules specifically aim to ensure that elected officials, who are pension fund trustees, act as fiduciaries and in the best interest of the citizens they represent, I also support all other necessary steps to ensure that pay-to-play practices are discouraged by all those involved in the selection of public pension fund investments.

Sincerely,

Michael R. Bloomberg
Mayor

MRB:ac