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Dear SEC Chairman and Board Members:

As the President of an advisory and financial services firm, I have read about the 'pay-to-play' scandals affecting the New York Common pension fund. I agree that some steps should be taken to curb the opportunities for corrupt individuals to perpetrate these types of activities. However, I strongly disagree with your proposed solution of banning an entire industry of placement agents as it is both highly ineffective and a gross injustice.

In our industry and in many others, intermediaries are utilized and particularly in the financial services sector, such intermediaries are required to be licensed and their companies sanctioned, by the SEC and regulated by FINRA. Such enterprises are typically the backbone of their industries and their interests are fully aligned with the clients they serve. Still, there is corruption in every industry. However, concluding that placement agents are the root of corruption and sole perpetrators of 'pay-to-play' schemes is just plain wrong. I think we all know that in New York the pay to play scheme was advanced by a government employee and instigated by a solicitor who never provided legitimate placement agent services in his life.

Investment bankers/placement agents and other financial intermediaries provide a very valuable service and particularly so in the in the private equity investment management business. I have read many of the comments posted to the SEC website and agree with the vast majority of them that the SEC's proposed ban of placement agents should be prohibited because:

- Public pension funds represent a majority of all the capital invested in the private equity investment management business and eliminating access to this magnitude of capital will devastate the placement agent business
- The vast majority of emerging, small and middle-market investment managers rely extensively on placement agents to gain access to pension fund capital. Without these services, many of these companies will simply not survive or be forced to operate at a untenable disadvantage
- Pension funds will be unnecessarily harmed because without placement agents, there will be a dramatic reduction in their access to potential opportunities from emerging, small and middle-market investment managers
- Pension funds will no longer be able to use placement agents to help them identify, pre-screen and evaluate potential investment manager candidates
- The placement agent and investment management industry will incur dramatic job losses

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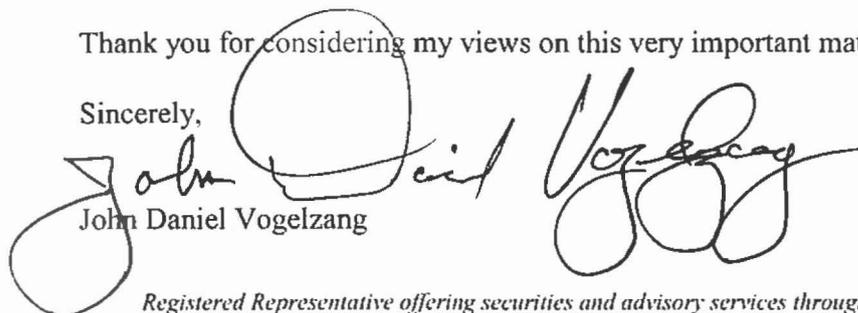
As a politically active citizen of the state of California, I am familiar with the proposed legislation put forth on this topic by Bill Lockyer, our State Treasurer. I believe it is very important to note that the proposed legislation mirrors the policies of several state and county pension plans that have recently adopted stricter guidelines in their policies to curtail pay to play practices. I believe it is also important to note that none of these policies or proposed legislation includes any intention to eliminate the use of placement agents. In fact, just the opposite is true and the policies adopted by these state run pension plans aim to protect their rights to manage their own investment activities while recognizing the pay to play issue, they clearly value the services provided by placement agents and have taken the necessary and rational steps to eliminate any improprieties from occurring.

As noted in several comment letters to the SEC, it is part of the SEC's charter to regulate and also support the activities of capital formation. However, if the SEC regulations are enacted as proposed, they would not only render the policies of various state pension funds void and/or moot they would also adversely capital formation and the free enterprise of investment managers no longer able to use placement agents to access pension fund capital to foster growth, but would also stifle the ability of public pension fund from independently charting their own investment course. Therefore, I strongly urge the SEC to eliminate the ban on placement agents and instead embrace the following regulatory oversight suggestions:

- All placement agents, investment advisers and consultants are treated exactly the same regarding prohibited political contributions; i.e., a two-year ban on doing business with any governmental agency to which a prohibited political contribution is made.
- SEC ban any investment manager, consultant or placement agent from making, or soliciting to make, any contributions to any government entity from which they are soliciting business.
- SEC incorporates more regulation and oversight of government employees who control (or have influencing control over) investment decision making or alternatively, require these governmental entities to revise their investment decision-making structures to reduce the opportunity for such individuals of influence to perpetrate 'pay-to-play' schemes.
- SEC requires the disclosure of any compensation made to a placement agent by an investment adviser, including any political contributions
- Placement agents are prohibited from "soliciting" any institutional investors, including public pension plans, unless it is done by: i) placement agents properly licensed with SEC and FINRA; and ii) full time employees operating through a fully licensed Broker Dealer and supervised by a properly licensed securities principal.

Thank you for considering my views on this very important matter.

Sincerely,



John Daniel Vogelzang

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