PRESIDIO PARTNERS

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Ms. Elizabeth M. Murphy,
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

Re: File No. S7-18-09

Proposed rule to address Pay-to-Play by Certain Investment Managers

Dear Secretary Murphy,

Thank you for providing the opportunity to present feedback on the proposed rules on Contributions by Certain Investment Managers. As background, our firm, Presidio Partners LLC is a registered Broker/Dealer with the Commission focuses on assisting real estate and real estate related private equity managers in their efforts to grow and flourish, with a particular emphasis on providing best practices to their institutional investor client base. We formed as a spin-out from an established Investment Bank in 2003, with the 4 Partners having spent over 80 years, collectively, in the real estate industry. We have assisted our clients in raising in excess of $11 Billion of equity over the past 6 years. These firms have been primarily small and middle-market sized enterprises. As a boutique, minority-owned firm, I feel we have a clear understanding of the challenges facing entrepreneurs, particularly emerging managers in the investment management industry.

In a number of areas, I agree with the spirit of the Commissions efforts to eliminate pay-to-play. Un-registered agents, undisclosed relationships with Trustees, and non-transparent political contributions should be eliminated. Clearly, the execution of these changes will need to be carefully thought through, in order to avoid unintended adverse consequences.

In one area, the ban on the use of third-parties to solicit government entities, I strongly disagree with the proposal. If this ban is enacted, the longer term consequences of this action will be particularly harmful to emerging managers, and ultimately increase the burden on institutional investors.

- First, emerging managers (women-owned, minority-owned, non U.S. start-ups, first-time Fund Managers) would be severely disadvantaged in their efforts to raise capital. The various barriers-to-entry to raising capital in the private equity industry are well known. Small firms without the in-house capabilities to prepare and market their Offering would be greatly disadvantaged versus the large established/well connected firms in the competition for capital.

- Second, Institutional Investor Plan Sponsor staffs will be adversely affected. These staff members will be challenged to review and evaluate Offerings directly from new/emerging Managers who may simply be unaware of best practices in the industry, despite a potentially compelling investment strategy. The staff members will be forced to either assist the Manager in their educational development or simply decline. Those Plan Sponsors truly committed to increasing participation among emerging managers in the industry will be burdened with the role of both sourcing, and educating new managers. These staff members are already severely over-taxed with their current day-to-day responsibilities. Either staffs will need to be increased (increasing pension expenses at a time of furloughs and budget cuts) or opportunities will be ignored.
- And Third, Plan Sponsor participants/pensioner's performance will be adversely affected. Reduced competition, and the dominance of the large established private equity firms, will not affect performance and fees in a positive manner. A reduction in creative investment strategies, by talented entrepreneurial managers will reduce opportunities for out-performance, reduce diversification, and increase concentration risk in the larger managers.

Over the past 10 years, small businesses, women, and minorities have finally, slowly, started to make some headway as participants in the private equity industry which is dominated by large firms. These nascent managers have the skill and capability to deliver exceptional returns to investors, but are hampered by their limited access to sophisticated institutional capital. This is particularly true in the area of women and minority owned firms where there is an incredible imbalance. Unfortunately, this proposal would exacerbate that problem at a time when it can be least afforded.

Corruption and influence peddling by participants of the investment management industry must be policed and aggressively addressed. That being said, the vast majority of registered placement agents are experienced, highly qualified and ethical. Despite the recent headlines, these firms provide a valuable service to the industry, and shouldn't be broadly tarred by the actions of a few "rogue" participants.

Respectfully submitted,