

February 25, 2011

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

Re: File Number S7-45-10

Dear Secretary Murphy:

The Jewish Federations of North America (“JFNA”) respectfully submits these comments regarding the proposed new rules regarding registration of “municipal advisors” under the authority provided in Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”).

JFNA is a Section 501(c)(3) tax-exempt organization that represents 157 Jewish Federations (“Federations”) and 400 smaller independent network communities across North America (collectively, the “JFNA movement”). In their communities, the Federations and network agencies and their volunteers are the umbrella Jewish fundraising organizations and the central planning and coordinating bodies for an extensive network of education, health, and social services. With thousands of affiliated organizations and schools, the JFNA movement is one of the United States’ largest and most effective networks of education, health and social services providers.

Federations and network communities conduct annual fundraising campaigns and raise endowment dollars for long-term giving that together support the needs of local secular and Jewish agencies, as well as the needs of millions of Jews in North America, Israel, and more than 60 countries around the world. In addition to conducting fundraising activities, some Federations and their affiliated organizations raise capital dollars through the issuance of tax-exempt bonds.

JFNA supports the policy and intent of Dodd-Frank and the need for SEC and MSRB regulations to regulate municipal advisors of borrowing obligor institutions. We disagree, however, with the scope and definition of “municipal advisor” as interpreted by the SEC in the proposed rule published in the Federal Register on January 6, 2011 to apply to board members and employees of nonprofit obligor institutions which are engaged in conduit tax-exempt municipal bond offerings.

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Board members of Federations

Voluntary board members of Federations should not be considered municipal advisors under the proposed new rules when they deliberate and provide advice to the Federations for which they serve in connection with conduit tax-exempt municipal bond offerings. The proposed new rules define the term “municipal advisor” to mean a person who provides advice to or on behalf of a municipal entity or obligated person. During the infrequent occasions in which the voluntary board members of Federations participate in discussions regarding using tax-exempt debt, they are called upon to make decisions ***based on the advice*** of outside capital finance professionals who are subject to the proposed registration requirements. The voluntary board members of Federations offer diverse and robust perspectives to the communities which they serve and represent a variety of educational, vocational, and professional backgrounds. They pursue this service to fulfill a sense of mission and are bound by fiduciary duties to conduct their activities in good faith, with reasonable care, and in the best interests of the Federations and their communities. Furthermore, because Federations and their affiliate and beneficiary agencies cover such a wide range of education, health and social service functions, it is not unusual for the Federations in large cities to have Boards of Directors ranging from 60 to 100 members, including attorneys, doctors, rabbis, social workers, and business leaders from all walks of life. We simply cannot see the purpose to be served from having that number of diverse Board members all be required to register as “municipal advisors.”

JFNA agrees wholeheartedly with the comments submitted to the SEC by the American Hospital Association on February 16, 2011. That letter states:

The IRS, as well as state and local government oversight of governing boards, provides a rationale for exemption of trustees similar to other exemptions the SEC has proposed. The proposed rule states that “certain persons who are currently regulated (such as broker-dealers serving as underwriters or investment advisors providing advice which would subject them to the Investment Advisers Act) or that are governed by other professional codes of conduct (such as attorneys providing traditional legal services) would not be required to register as municipal advisors.”

Every Federation board member is subject to the IRS reporting and regulatory guidance related to due diligence, conflict of interest, transparency, financial audits, document retention, among others as proscribed by IRS Form 990, *Return of Organization Exempt from Income Tax*, and related materials. While it is not clear what practical purpose or benefit would be provided to the investing public by requiring Federation board members to comply with costly and burdensome registration requirements with the SEC and MSRB, it is clear that such a requirement, accompanied by the potential for civil and criminal penalties for failure to comply could cause many potential volunteer board members to reconsider their participation in Federation activities. Treatment as a

“municipal advisor” should be extended only to third party firms or individuals who are paid to provide their expertise to obligated persons. JFNA urges that the proposed rule be clarified so that board members organizations similar to Federations are exempt from the definition of “municipal advisor.”

Employees of Federations

Although Federation chief executives, chief financial officers, and other managers, and those of related agencies and organizations, sometimes serve on boards, either as voting or *ex officio* members, their primary duties involve running the day-to-day operations of their institutions. During the rare circumstance in which the organization may consider a tax-exempt bond financing transaction, these individuals are acting on behalf of their employer, subject to board oversight. As other commentators have noted, the actions of certain tax-exempt organization employees in bond transactions parallel that of municipal employees, who are exempt from the definition of “municipal advisor.” Federation employees are no less accountable than municipal employees, and similar to Federation board members, are subject to IRS and state and local corporate oversight. As such, JFNA urges that the SEC clarify that Federation employees are exempt from the definition of “municipal advisor.”

JFNA supports the goals of enhanced transparency and accountability of all tax-exempt organizations in general, and in the financial marketplace in particular. We believe, however, that the proposed breadth and scope of the definition of “municipal advisor” is not required and does not serve that purpose. Further, as currently drafted, the rule offers no increased value to the marketplace and serves as a potential deterrent for voluntary community service, which is the hallmark of the Federation movement.

Please feel to contact Steven Woolf, Senior Tax Policy Counsel, Jewish Federations of North America at 202-736-5863 or steven.woolf@jewishfederations.org if you wish to discuss these comments.

Sincerely,



William C. Daroff
Vice President for Public Policy &
Director of the Washington Office