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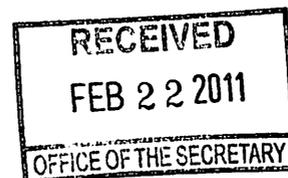
*City of South Miami*

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CLERK JAMES  
CORRECTIVE SERVICE UNIT

February 17, 2011

SEC Headquarters  
100 F Street, NE  
Washington, DC 20549



RE: SEC proposal to require officers of governmental entities to register as "municipal advisors"  
Release 34-63576

Dear Chairman Schapiro and Members of the Commission:

I am writing to comment on the definition of "municipal advisor" as proposed in Release 34-63576. My primary concern is that the definition of "municipal advisor" fails to exempt appointed local government officials. The proposal states that, "the Commission does not believe that appointed members of a governing body of a municipal entity that are not elected *ex officio* members should be excluded from the definition of a "municipal advisor." *Municipal Advisors*, 76 Fed. Reg. 834 January 6, 2011 (Footnote omitted).

In the City of South Miami, as elsewhere, we depend heavily upon the members of our community to help facilitate and run our city government through numerous volunteer activities. Community volunteers give unselfishly of their time, expertise, and common sense to help their city government to plan, to zone, to invest, and to run various facets of local government operations. All are true volunteers and no one receives a stipend.

Thus, the proposed rule creates problems:

1. It would require community-minded volunteers to subject themselves to federal regulatory controls; moreover it would expose them to potential liability for noncompliance with the registration, training, and other requirements.



2. These persons who hold positions of trust on citizen boards in South Miami subject themselves to existing federal, state, and local ethics laws and common law responsibilities that include potential penalties for misfeasance or malfeasance. Each of these controls meet the Commission's stated intent of protecting the public by providing significant deterrence to misconduct. This added layer of regulation is therefore unnecessary with respect to these individuals.

3. The need to seek guidance on federal regulatory issues increases costs to local governments, while at the same time deterring volunteer service because of the complexity, costs, and time commitments of the regulatory registration and training requirements.

4. The current economic situation has devastated state and local government budgets, but our country has seen far fewer municipal defaults and bankruptcies than the number of private banks taken over by the FDIC. In short, virtually every state and local government subjects itself to a transparency standard through a combination of public information and public meeting laws and extensive reporting through the media to their stakeholders that surpasses that of the SEC's exemplary efforts at transparency. These existing municipal safeguards are coupled with an accessibility that fosters immediate individual contact with those concerned stakeholders.

5. The cost to local governments and officials to comply with this regulation will be extensive and comes at the worst time for local governments. Local governments will be required to pay the cost for registering municipal advisors who serve the local government in a volunteer capacity. In addition, the local government will need to hire legal counsel with expertise in dealing with the SEC to be sure that these citizen volunteers are properly trained and advised in the intricacies of securities law.

Congress exempted municipal entities and its employees from the definition of "municipal advisor". We believe it did so with the express intention of exempting all of the entity's officers and employees, including its volunteer board members. To do otherwise creates the anomalous result of labeling board members as "municipal advisors" when they discuss investment objectives and when those discussions involve decision-making debates by issuers and, in the case of boards of pension trustees, investors, the proposal fails to recognize that members of governing bodies and other local officials are the personnel that operate the municipal entities. The "municipal advisors" serve those officials. It confuses the issue to suggest that those officials, the very intended beneficiaries of municipal advisor regulation, somehow are "municipal advisors" themselves. In short, the proposed regulations turn on its head the concept of "advice" and transform decision makers of entities who should be receiving advice into "advisors". In addition, requiring registration for local officials who participate in those discussions chills informed analysis and debate, exactly the opposite of the result the SEC should be seeking to encourage.

To be fair, the SEC identifies past instances of misconduct to justify its need to regulate pervasively. Nevertheless, municipal finance statistics suggest that there are far fewer instances of violations and misconduct than in the area of private finance where the SEC already regulates pervasively our country has seen.

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For each of the foregoing reasons, we respectfully ask the SEC to consider expanding the exclusion for local government officials to also include appointed board members who voluntarily serve our small city without any compensation whatsoever.

If the SEC does not agree to exempt our citizen volunteers, then respectfully, we have an alternative proposal. South Miami has a gross area of 2 ½ miles and a population of eleven thousand. Since the SEC appears focused on big cities, would it be appropriate to exempt cities of less than 20,000 people from this onerous regulation, basically designed to regulate large municipalities. Such an EXCEPTION will allow small cities to continue using citizen volunteers on their Boards and instead let the SEC focus on the large cities to which the very definition of "municipal advisors" applies. Under this suggested EXCEPTION, the SEC would allow small cities to continue using essential citizen volunteers without a chilling effect.

Sincerely,



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City of South Miami

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