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WILLIAM C. THOMPSON, JR.
COMPTROLLER

May 12, 2009

Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F. Street, NE
Washington, D.C. 20549

Dear Chairman Schapiro,

As New York City's Chief Fiscal Officer and the Chief Investment Adviser to the New York City Pension Funds—which manage more than \$80 billion on behalf of New York City employees and retirees—I am extremely concerned by the recent and ongoing developments affecting the investment activities of public pension funds nationwide.

As you know, the recent complaints filed by your agency and indictment and felony complaints issued by the New York Attorney General have called into question the conduct of certain entities and individuals that identified themselves and/or allegedly acted as placement agents in connection with investments made by the New York State Common Retirement Fund. It also appears that many placement agents are not properly registered under federal securities laws. In addition, there are indications of a critical lack of transparency in that numerous placement agents reportedly have "fee-splitting" arrangements with undisclosed parties. It has become clear that this is a pervasive and systemic problem.

While I have taken appropriate steps to cause the New York City Pension Funds to suspend the use of placement agents in their transactions, the aforementioned improper conduct underscores the need for broad and comprehensive reform with respect to the activities of placement agents. Such uniform regulation will hopefully prevent a recurrence of the type of egregious conduct detailed in the complaints and indictment, and I am sure that you share my concern that appropriate nationwide oversight and regulation of such agents is long overdue.

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I also support the implementation of the SEC's 1999 proposal to prohibit investment advisors from providing compensated services to public pension funds if the adviser or certain related parties make any contributions to affected elected officials or candidates. A uniform prohibition based on the one now in place for brokers and dealers engaging in the municipal securities industry needs to be promulgated as expeditiously as possible in order to increase transparency and public confidence in the investment activities of all public pension funds.

I thank you for your efforts in addressing these critical issues and look forward to providing you whatever assistance you need in this regard.

Very truly yours,

A handwritten signature in black ink, appearing to read "Will Thompson". The signature is fluid and cursive, with a large loop at the end.

William C. Thompson, Jr.

WCT/lf