



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

THE CHAIRMAN

July 14, 2009

The Honorable Robert F. Bennett  
United States Senate  
431 Dirksen Building  
Washington, DC 20510

Dear Senator Bennett:

Thank you for your July 7, 2009 letter recommending that the Commission consider whether campaign contributions made by law firms and attorneys are leading public pension funds to retain those lawyers as counsel in securities litigation. Your letter asks the Commission to look into these contributions as part of the on-going review of "pay to play" conduct by fund managers and other financial firms.

The Commission has long been concerned with pay-to-play campaign contributions made by persons offering investment-related services to public pension funds. As the Commission explained in a proposing release in 1999, these pay-to-play contributions may diminish the quality of investment-related services because, among other things, officials may award contracts to less qualified advisory firms. Such pay-to-play practices are also unfair to businesses that cannot afford the required contributions or are unwilling to compromise their legitimate business practices to make such contributions. I have asked the staff to revisit this 1999 proposal addressing harmful pay-to-play practices by investment advisers, and I expect the Commission to consider this proposal in the near future.

The Commission's review of pay-to-play practices involving public pension funds relates to fund managers and other financial firms that are subject to Commission regulation under the securities laws. In light of our statutory mandate, our ongoing review necessarily focuses on those entities and conduct that fall squarely within our jurisdiction.

If I or my staff may be of any further assistance to you in this matter, please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script that reads "Mary L. Schapiro".

Mary L. Schapiro  
Chairman