



# WM Financial Strategies

---

11710 ADMINISTRATION DRIVE  
SUITE 7  
ST. LOUIS, MISSOURI 63146  
(314) 423-2122

October 1, 2014

Municipal Securities Rulemaking Board  
Attention: Ronald W. Smith, Corporate Secretary  
1900 Duke Street  
Suite 600  
Alexandria, VA 22314

**Re: Comments to Rule G-37**

Ladies and Gentlemen:

I am a sole proprietor doing business as WM Financial Strategies. I have a career devoted entirely to public finance and have been an independent financial advisor (now known as a Municipal Advisor) since 1989. In my capacity as an independent Municipal Advisor, I am writing to set forth my comments relating to the Municipal Securities Rulemaking Board's Rule G-37.

I am fully supportive of the ban on political contributions included in Rule G-37 and have only a few comments relating to the Rule as described below:

**1. Remove the concept of two types of officials**

By attempting to make a distinction between an "official with dealer selection influence" and an "official with municipal advisor selection influence" the MSRB has created a complicated and difficult to enforce Rule. I am not aware of any elected official that would be able to influence the selection of a municipal advisor without also having the ability to influence the selection of an underwriter. As presently written, it appears that a new loophole for broker-dealers is being created. The problems noted above can all be eliminated and the rule can be substantially simplified by eliminating all political contributions to elected officials of municipal entities except for the \$250 de-minimis exemption.

**2. Consider the Regulatory Burdens Imposed on Municipal Advisors as Required under the Dodd-Frank Act**

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") mandates the Municipal Securities Rulemaking Board (the "MSRB") to establish rules relating to the conduct and qualifications of Municipal Advisors. In addition, the Dodd-Frank Act states that the MSRB may *"not impose a regulatory burden on small municipal advisors that is not necessary or appropriate in the public interest and for the protection of investors..."*

As a result of the foregoing, a Municipal Advisor should not be required to prepare or file any specific documentation relating to contributions in any reporting period in which no contributions of any kind have been made. I understand this is the intent of the rule as presently drafted; however, further clarification would be helpful.

3. **Consider a ban on contributions to bond ballot campaigns.**

I would like the MSRB to consider banning contributions to bond ballot campaigns. Bond ballot campaign contributions, when made outside of an individual's voting jurisdiction, are a form of pay-to-play that taint the integrity of the municipal market and should be prohibited.

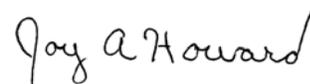
In 2005, at the Bond Market Association's 10th Legal and Compliance Conference, Martha Mahan Haines, then chief of the SEC's Office of Municipal Securities, suggested that contributions for bond referenda is a pay-to-play activity.

On January 7, 2009, *The Bond Buyer* reported that the MSRB was reviewing rule G-37. *The Bond Buyer's* article followed the submission of a December 2008 letter to the MSRB by executives from Citi, JP Morgan and Morgan Stanley suggesting that bond election contributions could cause an underwriter to be selected and that a level playing field is needed for all underwriters.

At its April 2009 meeting, the MSRB elected not to place a ban on contributions for bond referenda. The MSRB's press release stated that "The Board determined that, based on the information it has been able to gather, there is not adequate evidence to suggest that bond ballot campaign contributions have a negative effect on the integrity of the municipal marketplace."

In January 2010, the MSRB amended Rule G-37 to require disclosure of contributions for bond elections (other than a contribution made by a municipal finance professional or a non-MFP executive officer to a bond ballot campaign for a ballot initiative with respect to which such person is entitled to vote if all contributions by such person to such bond ballot campaign, in total, do not exceed \$250 per ballot initiative). The MSRB indicated that it would study the contribution disclosures and later determine whether restrictions would be placed on election contributions. With the passage of more than four years, the MSRB has now had sufficient opportunity to gather fact finding data to determine whether restrictions should be placed on election contributions.

Sincerely,



Joy A. Howard  
Principal