



## WM Financial Strategies

---

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

February 21, 2011

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

**Re: Request for Comments to Rule G-42**

Ladies and Gentlemen:

This letter is in response to the MSRB's request for comments on the proposed new Rule G-42 that will preclude a financial advisor from making certain political contributions in order to prevent "pay to play." WM Financial Strategies is fully supportive of the ban on political contributions included in Rule G-37 and the proposed Rule G-42. We would like the MSRB to consider a change to the proposed Rule G-42 and amend Rule G-37 to impose a ban on contributions to bond ballot campaigns.

In 2005, at the Bond Market Association's 10th Legal and Compliance Conference, Martha Mahan Haines, 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 time, the MSRB has now had the opportunity to gather fact finding data. In addition, various newspapers periodically report, unequivocally, that there have been ties between engagement of municipal market participants and bond ballot campaign contributions. Whether this occurrence is occasional or frequent, bond ballot campaign contributions, when made outside of an individual's voting jurisdiction, are a form of play-to-play that taint the integrity of the municipal market.

Sincerely,

Joy A. Howard  
Principal