



PUBLIC ADVOCATE FOR THE CITY OF NEW YORK

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Press Release

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Public Advocate Letitia James Submits Amicus Brief to D.C. Circuit Court of Appeals Defending SEC “Pay to Play” Regulations

Brief emphasizes need to protect public funds from corrupt election fundraising

(New York, NY)— Today, Public Advocate Letitia James announced she filed an amicus brief in support of the Securities and Exchange Commission’s (SEC) Political Contribution by Certain Investment Advisors Rule (PCR). The PCR regulates against what is commonly known as “pay-to-play,” by regulating entities and individuals who manage or seek to manage public pension funds from making donations over a certain amount to candidates or trustees. The New York and Tennessee GOP brought a suit against the SEC over the PCR – the case is currently before the U.S. Court of Appeals for the District of Columbia Circuit.

As a trustee and fiduciary to the \$53 billion New York City Employees’ Retirement System public pension fund, the Public Advocate has an obligation to protect and grow the retirement savings that hundreds of thousands of pension members rely upon. Unfortunately, the state of New York bears the recent stain of corruption in our state public pension fund where tens of millions in political contributions, sham fees, and gifts were given by investment fund managers to corrupt government officials, including former State Comptroller Alan Hevesi. These contributions were made in exchange for the state pension system investing billions with these investment managers.

“The New York and Tennessee state Republican parties are jeopardizing the retirement security of millions of Americans so that governors that are running for president can raise more money from Wall Street,” said Public Advocate Letitia James. “We know what will happen without these important regulations. New York has a sordid history of pay-to-play corruption, and we must do everything in our power to protect the integrity of our public pensions.”

The Public Advocate’s brief: 1) details the sordid history of pay-to-play in New York; 2) discusses the fiduciary duties of public pension trustees and investment advisors who manage the funds; 3) highlights the significance of the estimated \$3.3 trillion in public pension assets and the critical role in the economy and retirement security of millions of Americans; and 4) defends the constitutionality of the PCR and that the SEC did not operate beyond its statutory authority.

The oral argument is scheduled in Washington, DC for March 23, 2015

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