



California Corporate & Securities Law

You Know It's A Really Tough Regulatory Environment When . . .

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In this [letter](#) sent last June, the writer commiserated:

" . . . the financial markets are more volatile and challenging than ever before. Couple all of that with that the burden of new rules and regulations, and it is apparent that it's getting harder and harder to simply do our jobs."

With the Securities and Exchange Commission pumping out new regulations with adopting releases numbering in the hundreds of pages and many tens of thousands of words, who hasn't shared this sentiment? So, who wrote the letter? One might guess that its author was a chief compliance officer at a broker-dealer, the general counsel at a Fortune 500 company, or perhaps the chief financial officer at a financial institution.

None of these guesses is correct. The letter was actually sent by the staff of one government agency, the California State Teachers Retirement System (CalSTRS), to the investment officers at another agency, the California Public Employees Retirement System (CalPERS). You know you're in a really tough regulatory environment when even the government is complaining that regulations are getting in the way of real work.

As I noted in this [post](#), the last year has been an *annus horribilis* for CalPERS which has had to confront a stream of allegations and charges of misconduct involving former and current officials. The latest bad news for CalPERS came this week in this *Los Angeles Times* [story](#) by Marc Lifsher in which he writes about the \$11 million that CalPERS paid to a Washington law firm.

CalSTRS, on the other hand, has remained relatively untouched. While the letter expresses support and solidarity with CalPERS, I can't help wondering whether CalSTRS isn't harboring a touch of schadenfreude towards its larger sister agency.

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