Alerts and Updates

SEC STARTS PENSION FUND GROUP TO PROSECUTE FOR "PAY TO PLAY"

October 16, 2009

On October 15, 2009, at the American Bar Association's Fourth Annual National Institute on Securities Fraud, David Rosenfeld, associate regional director for the Northeast Regional Office of the U.S. Securities and Exchange Commission (SEC), revealed that the SEC has established a nationwide Pension Fund Working Group to civilly and criminally prosecute pension fund managers, advisors, administrators and "the like" where "pay to play" contributions occur.

The SEC determined that the activities emanating from New York state and municipal pension fund investments were "very widespread" with "common players nationwide."

The reach of the New York investigation has expanded, as there are allegedly $2.2 trillion dollars in government pension funds invested—$400 million of which is invested by the three-largest state funds, but drifting down to local municipalities and counties.

The participants affected by this development may want to address it from a litigation and governmental investigations perspective, as well as take proactive steps to review records and internal controls.

The SEC has issued a broader investigation survey under Section 21(a) of the Securities Exchange Act of 1934. This questionnaire should be handled with the same care as a sworn deposition or answers to interrogatories.

About Duane Morris

Duane Morris lawyers have represented clients in earlier "pay to play" investigations.

If you have any questions about this Alert or would like more information, please contact Marvin G. Pickholz, any member of the White-Collar Criminal Defense, Corporate Investigations and Regulatory Compliance Practice Group or the attorney in the firm with whom you are regularly in contact.