

## Morgan Stanley

July 22, 2010

Honorable Roy Ashburn  
State Senator  
State Capitol, Room 3060  
Sacramento, CA 95814

Dear Senator Ashburn:

I am writing in reference to Senate Bill 623 regarding campaign services provided to a bond ballot election by professional services firms including financial firms providing underwriting services. I am very supportive of the legislative intent of SB 623. Morgan Stanley has been an active voice in trying to eliminate the perception of "pay to play" linkage between campaign contributions and the provision of professional services. There are many cases where there is an appearance that only the contributing firms to a bond ballot election committee have an opportunity to compete to provide financial services for the bonds authorized by ballot election.

I would urge you to consider reviewing and replicating a Missouri statute (Missouri Revised Statutes Section 409.107) which prohibits professional service providers who contribute to the passage of a bond ballot initiative (including making cash contributions) for local government entities from involvement in those bonds. The Missouri statute reads:

"409.107. No investment firm, legal firm offering bond counsel services, or any persons having an interest in any such firms shall be involved in the issuance of bonds authorized by an election in which the firm or person made any direct or indirect financial contribution to any campaign in support of the bond election. For the purposes of this section, direct or indirect financial contribution shall not include services with respect to providing factual information relating to the prospective bond issuance, responding to questions and making presentations at public forums relative to prospective bond issuance, or participation in any meeting subject to the open meetings law."

Also, please find attached a letter dated May 7, 2009 to the Municipal Securities Rule Making Board on the topic of contributions to bond ballot elections. The letter was signed by the heads of the public finance departments of three of the largest underwriters of municipal bonds.

Thank you for your attention and consideration.

Stratford Shields

  
Managing Director  
Head of Public Finance