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A Potential New Compliance Regime for Broker-Dealers?

California law regulating investments made by the state's public pension and retirement systems defines "placement agent" as a person or entity hired, engaged or retained by an "external manager" to raise money or investment funds from a public retirement system in California. On March 17, 2010 an amended bill was introduced in the California State Assembly that would expand the regulatory regime applicable to such placement agents by prohibiting a person from acting as a placement agent in connection with an investment made by a state public retirement system unless that person is also registered as a lobbyist under California state law and is in full compliance with the state's Political Reform Act of 1974, which regulates lobbyists in California.

Registration as a lobbyist would require placement agents to register with the California Secretary of State and file periodic disclosure reports, and would prohibit them from engaging in certain activities in connection with legislative and administrative actions. The bill would also require a person acting as a placement agent in connection with any potential investment to be made by a local public retirement system to comply with any applicable registration and reporting requirements imposed on lobbyists by a local government agency in addition to complying with the requirements of state law.

We will be following this legislation and will keep you posted as the situation develops.

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If you have any questions regarding this bill or would like further information regarding any of the matters discussed above, please contact [Daniel G. Berick](#) or your principal Squire Sanders lawyer.



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