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LACERA Los Angeles County Employees Retirement Association

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July 21, 2008

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

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OFFICE OF THE SECRETARY

RE: SEC File No. S7-13-08

Dear Secretary Morris:

The Los Angeles County Employees Retirement Association's (LACERA) Board of Investments is responsible for the management of $38.4 billion in public pension fund assets that provide retirement benefits for over 151,000 active and retired members. LACERA distributes approximately $2.0 billion in benefit payments each year, with the vast majority of these payments coming from investment earnings. As such, LACERA is deeply concerned with the credit rating agencies' role in the sub-prime debacle.

Credit-rating agencies play a prominent role in the investment process, and investors, such as LACERA, rely heavily on these firms to assess security and portfolio risk. As a result, LACERA fully supports the Securities and Exchange Commission's (SEC) proposal to curb the conflicts of interest and improve the disclosure requirements of nationally recognized statistical rating organizations (NRSROs). LACERA also supports the SEC's proposal to implement a credit rating methodology that more directly identifies structured finance securities.

The SEC's steps to reduce conflicts of interests by limiting gifts and prohibiting persons that determine credit ratings from participating in fee negotiations with issuers is a significant step in the right direction. However, LACERA would like to ultimately see stronger steps taken to resolve the issuer-paid research problem inherent in the current credit rating industry business model.

As with all market participants, credit rating agencies must be held strictly accountable for the timeliness and accuracy of their work. The SEC's move to regulate performance reporting requirements and disclosure practices will improve accountability and ensure that the best interest of customers and shareholders are served.

Capital markets are driven by many institutional investors, such as LACERA, that are willing to risk pension fund assets to invest in financial markets. Requiring credit rating agencies to provide adequate information about underlying assets and mandating separate identifiers for structured instruments promotes needed transparency. This heightened clarity will improve investors' ability to evaluate the structure and risks associated with these securities.

Respectfully submitted,

Gregg Rademacher
Chief Executive Officer

c: Members, Board of Investments
Members, Board of Retirement
Commissioner Paul S. Atkins
Commissioner Kathleen L. Casey
Commissioner Elisse B. Walter
John W. White, Director, Division of Corporation Finance
Brian Breheny, Deputy Director, Division of Corporation Finance
Shelley Parratt, Deputy Director, Division of Corporation Finance

GR:so
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