
SEPTEMBER 28, 2015

AGENDA ITEM 04
ACTION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

Resolution No. 2015-05: Resolution of the California Secure Choice Retirement Savings Investment Board Relating to the Approval to Amend Agreement CSCRSIB02-14 with K&L Gates, LLP for Legal Services

Presenter

Christina Elliott, Acting Executive Director

Background

Agreement CSCRSIB02-14 (the agreement) between the California Secure Choice Retirement Savings Investment Board (Board) and K&L Gates, LLP for legal services was executed to identify and advise on legal issues regarding the market analysis, feasibility study, and program design; among other services. The market analysis, feasibility study, and program design work has required that K&L Gates, LLP provide legal expertise on securities laws and the PATRIOT Act relative to program design. Because K&L Gates, LLP did not anticipate the need to advise on those areas of law, attorneys with legal expertise in those areas were not initially included in the agreement.

Staff Recommendation

Secure Choice staff recommends the Board approve the resolution of the California Secure Choice Retirement Savings Investment Board relating to the approval to amend agreement CSCRSIB02-14 with K&L Gates, LLP for legal services.

Attachments

- Attachment #1 – Resolution No. 2015-05
- Attachment #2 – Contract amendment (STD 213A), including amended budget detail and payment provisions and resumes for the new attorneys

RESOLUTION NO. 2015-05

RESOLUTION OF THE CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD RELATING TO THE APPROVAL TO AMEND AGREEMENT CSCRSIB02-14 FOR LEGAL SERVICES

WHEREAS, the California Secure Choice Retirement Savings Investment Board (the “Board”) is established under SB 1234 (Chapter 734, 2012; codified under Government Code section 100000 et seq.) and mandated to conduct a market analysis to determine whether the necessary conditions for implementation of the California Secure Choice Retirement Savings Trust Act (the “Act”) can be met, provided that the Board shall conduct the market analysis only if sufficient funds to initiate and complete the required market analysis are made available through a nonprofit or private entity, or from federal funding;

WHEREAS, Government Code section 100042 provides, in part, that the Act shall become operative only if the Board determines that, based on the market analysis, the provisions of the Act will be self-sustaining, and funds are made available through a nonprofit or other private entity, federal funding, or an annual Budget Act appropriation in amounts sufficient to allow the Board to implement the Act until the California Secure Choice Retirement Savings Trust has sufficient funds to be self-sustaining;

WHEREAS, Government Code section 100043 provides that the Board shall not implement the California Secure Choice Retirement Savings Program (the “Program”) if the Individual Retirement Account or Individual Retirement Annuity (collectively “IRA”) arrangements offered fail to qualify for the favorable federal income tax treatment ordinarily accorded to IRAs under the Internal Revenue Code, or if it is determined that the Program is an employee benefit plan under the federal Employee Retirement Income Security Act;

WHEREAS, the Board deemed it necessary to contract with a law firm to provide the Board with legal services to satisfy the statutory provisions and advise on legal issues regarding the market analysis, feasibility study, and program design and thus entered into Agreement No. CSCRSIB02-14 (the “Agreement”) with K&L Gates, LLP for the necessary legal services;

WHEREAS, an amendment to the Agreement is necessary to include additional K&L Gates, LLP attorneys to provide legal expertise on securities laws and the PATRIOT Act relative to program design;

NOW, THEREFORE, BE IT RESOLVED that the Acting Executive Director is hereby directed and authorized to prepare and take whatever steps necessary to execute an amendment to the Agreement to add additional K&L Gates, LLP attorneys.

Attest: _____
Chairperson

Date of Adoption: _____

STANDARD AGREEMENT AMENDMENT

STD. 213 A (Rev 6/03)

 CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 8 Pages

AGREEMENT NUMBER	AMENDMENT NUMBER
CSCRSIB02-14	2
REGISTRATION NUMBER	

- This Agreement is entered into between the State Agency and Contractor named below:
STATE AGENCY'S NAME
California Secure Choice Retirement Savings Investment Board
CONTRACTOR'S NAME
K&L Gates, LLP
- The term of this Agreement is 2/20/15 through 1/31/16
- The maximum amount of this **\$275,000.00**
Agreement after this amendment is: Two Hundred Seventy-Five Thousand Dollars and Zero Cents
- The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

Attachment B.1 – Rates is revised to add five (5) additional attorneys, as attached hereto (1 page).

Resumes of the five (5) additional attorneys are attached hereto (7 pages).

All other terms and conditions shall remain the same.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		CALIFORNIA Department of General Services Use Only
CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.) K&L Gates, LLP		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING William P. Wade, Partner		
ADDRESS 10100 Santa Monica Blvd., 7th Floor Los Angeles, CA 90067		
STATE OF CALIFORNIA		<input type="checkbox"/> Exempt per:
AGENCY NAME California Secure Choice Retirement Savings Investment Board		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Christina Elliot, Acting Executive Director		
ADDRESS 915 Capitol Mall, Rm. 110, Sacramento, CA 95814		

Attachment B.1 – Rates (**Revised**)

William A. Schmidt (Partner)	\$892
David E. Morse (Partner)	\$675
Susan I. Gault-Brown (Partner)	\$625
Michael A. Hart (Partner)	\$637
William P. Wade (Partner)	\$760
<u>Trayne S. Wheeler (Partner)</u>	<u>\$637</u>
<u>Andras P. Teleki (Partner)</u>	<u>\$616</u>
<u>James D. Gallagher (Associate)</u>	<u>\$323</u>
<u>Michael D. Davalla (Associate)</u>	<u>\$319</u>
<u>Matthew J. Rogers (Associate)</u>	<u>\$306</u>
Gwendolyn A. Kelly (Associate)	\$318
Katherine M. Morton (Associate)	\$289
Rikki A. Sapolich (Associate)	\$476
Kristina M. Zanotti (Associate)	\$488

DESCRIPTION OF CHARGE =====	STANDARD CHARGE =====	UNIT BASIS =====
Photocopying/Image Printing	\$0.20	Each copy
Color Copying/Printing	\$1.00	Each copy
CD Burning	\$25.00	Per CD

Legal Research: The Contractor pays for Lexis and Westlaw under monthly fixed fee contracts. The actual, monthly fixed fee is allocated to all users of the database each month, and client charges for such usage are directly proportional to the actual research conducted on their behalf.

Contractor will be reimbursed for out-of-pocket costs directly attributable to the work performed under the Agreement, such as courier costs (Federal Express, UPS, etc.) and long distance telephone calls. All costs will be itemized on the invoice.



Trayne S. Wheeler

OVERVIEW

Mr. Wheeler is a partner in K&L Gates' Boston office and concentrates his practice in the corporate, securities, and investment management areas. His practice focuses on advising registered investment companies and hedge funds, investment advisers, broker-dealers, and other financial service providers. Mr. Wheeler has worked on internal policies, procedures, compliance checklists, CCO policies and procedures, advisory contracts and corresponding disclosures in SEC forms for investment companies and investment advisers. Mr. Wheeler advises mutual fund complexes on various regulatory and compliance matters including registration, mergers and reorganizations, and negotiations with fund service-providers. Mr. Wheeler also has experience with the launching of new mutual funds and hedge funds and has drafted numerous offering documents and registration statements for open- and closed-end investment companies and has assisted in the drafting of opinions as well as assisted clients in discussions with the SEC staff. He has acted as Fund counsel and independent director counsel for various mutual fund complexes. Mr. Wheeler has also acted as special counsel organizing the preparation and public offering of numerous closed-end funds.

BOSTON

P +1.617.951.9068
F +1.617.261.3175
trayne.wheeler@klgates.com

PRIMARY PRACTICE

- Investment Management, Hedge Funds and Alternative Investments

SECONDARY PRACTICES

- Corporate Governance

PROFESSIONAL BACKGROUND

During law school, Mr. Wheeler worked for the Federal Deposit Insurance Corporation (FDIC) in the Boston regional office. There he wrote legal memoranda detailing charges of bank fraud for pending litigation and enforcement hearings and had extensive exposure to dual state and federal banking system regulatory issues.

ADMISSIONS

- Bar of Massachusetts

EDUCATION

- J.D., Boston University School of Law, 2000, (*Boston University International Law Journal*)
- A.B., The University of Chicago, 1995

ACHIEVEMENTS

- Listed as a Massachusetts Rising Star, 2011



András P. Teleki

OVERVIEW

Mr. Teleki focuses his practice on regulatory compliance issues facing registered investment companies, including mutual funds and closed-end funds, broker-dealers, investment advisers, unregistered funds, variable insurance product issuers and distributors, and related service providers. He also advises financial institutions on anti-money laundering and OFAC issues. Mr. Teleki also has experience in corporate governance and Sarbanes-Oxley issues.

PROFESSIONAL BACKGROUND

Prior to entering legal practice, Mr. Teleki owned and managed a small construction company specializing in custom home construction and remodeling. He also worked in the commercial real estate division of Wells Fargo, where he conducted due diligence for commercial mortgage-backed structured finance projects. He is proficient in Hungarian.

PRESENTATIONS

Mr. Teleki writes and speaks frequently on anti-money laundering as well as the regulation of investment companies and variable annuity products. He was a contributing author to the recently-published treatise *Sarbanes-Oxley Planning & Compliance* (2003, Thompson Publishing Group), and he serves on the faculty of the Glasser LegalWorks Mutual Fund A to Z seminar.

PUBLICATIONS

- Heard at the SIFMA Conference, Government Enforcement Alert, 6 April 2015
- A Few Takeaways from the OCIE Cybersecurity Examination Sweep Summary, Investment Management Alert, 12 February 2015
- Cybersecurity: The Obama Administration Proposes Legislation, Public Policy and Law Alert, 20 January 2015
- New York Department of Financial Services Unveils "New Cyber Security Examination Process": Five Key Takeaways, Consumer Financial Services Alert, 18 December 2014
- Impact of the SEC and CFTC Issuing Final Identity Theft "Red Flag" Rules, Investment Management Alert, July 1, 2013
- SEC and CFTC Propose Identity Theft Red Flag Rules, Investment Management Alert, April 12, 2012
- FinCEN Extends Anti-Money Laundering Program and Suspicious Activity Reporting Requirements to Non-Bank Residential Mortgage Lenders and Originators, Consumer Financial Services Watch, February 29, 2012
- SEC Publishes Final Rule Amending the Definition of "Accredited Investor" to Implement Exclusion of the Value of a Person's Primary Residence, Investment Management Alert, January 23, 2012
- SEC Proposes Amendment of the Definition of "Accredited Investor" to Implement Exclusion of the Value of a Person's Primary Residence, Investment Management Alert, February 9, 2011
- Investment Management Update, Summer 2010
- Financial Regulatory Reform Increases Federal Involvement in Insurance, Financial Services Reform Alert, July 13, 2010
- FBAR Reporting Requirements: New Guidance and Proposed Regulations May Spell Relief for Many, Investment Management & Tax Alert, March 5, 2010
- Investment Management Update, K&L Gates Publication, Early Fall 2009
- IRS Extends Deadline for FBAR Filings, Investment Management Alert, August 10, 2009
- IRS Continues to Focus on Foreign Account Reporting, Investment Management Alert, June 10, 2009
- SEC Again in Controversial Territory by Voting to Regulate Indexed Annuities, Investment Management Alert, December 23, 2008

WASHINGTON DC

P +1.202.778.9477
F +1.202.778.9100
andras.teleki@klgates.com

PRIMARY PRACTICE

- Investment Management, Hedge Funds and Alternative Investments

SECONDARY PRACTICES

- Corporate Governance
- Cyber Law and Cybersecurity
- Hedge Funds and Venture Funds
- Social Media Law

- Investment Management Update, Investment Management Alert, Fall 2008
- FinCEN Withdraws Dated AML Rule Proposals for Unregistered Investment Companies, Commodity Trading Advisors, and Investment Advisers, Investment Management and Hedge Funds Alert, November 3, 2008
- K&L Gates Investment Management Newsletter, Summer 2008
- June 30th Deadline for Reporting Foreign Accounts, Hedge Funds Alert, June 11, 2008
- K&LNG's Investment Management Update, K&LNG Publication, Summer 2006
- FinCEN Publishes Final Rule Requiring Mutual Funds to File Suspicious Activity Reports, Anti-Money Laundering Alert, May 2006
- K&LNG's Investment Management Update, K&LNG Publication, Spring 2006
- Department of Treasury Requires Insurance Companies to Establish Anti-Money Laundering Programs and to Report Suspicious Transactions, Anti-Money Laundering Alert, November 2005
- A Hard Look at Soft Dollars, The Investment Lawyer, July 2005
- SEC Proposes New Disclosure Regarding Nominating Committee Functions and Communications Between Security Holders and Boards of Directors, Investment Management Alert, August 2003
- FinCEN Expands Reach of USA PATRIOT Act: Separately, final CIP Regulations Require Compliance by October 1, Anti-Money Laundering eBulletin, May 2003
- Overview of CIP Regulations for Mutual Funds and Broker-Dealers, Anti-Money Laundering eBulletin, May 2003
- Treasury, Federal Reserve and SEC Submit Joint Report to Congress on USA Patriot Act Application to Investment Companies, Anti-Money Laundering eBulletin, January 7, 2003
- FinCEN Publishes Proposed Rule Requiring Mutual Funds to File Suspicious Activity Reports, Anti-Money Laundering eBulletin, January 2003
- Proposed U.S. Anti-Money Laundering Rules to Apply to Offshore Funds, Offshore Fund Bulletin, November 2002
- Treasury Extends AML Program Deferral for Certain Financial Institutions, Anti-Money Laundering eBulletin, October 28, 2002
- Treasury Issues Proposed Rules Addressing Unregistered Investment Companies (including Hedge Funds), Life Insurance Companies and Casinos; Final Rules Addressing Foreign Shell Banks, Information Sharing, Anti-Money Laundering eBulletin, September 18, 2002
- FinCEN Publishes Final Rule Requiring Broker-Dealer in Securities to File Suspicious Activity Report, Anti-Money Laundering eBulletin, July 1, 2002
- Treasury Notice of Proposed Rule for Correspondent Accounts and Private Banking Accounts under Section 312 of the USA PATRIOT Act, Anti-Money Laundering eBulletin, May 24, 2002

PROFESSIONAL/CIVIC ACTIVITIES

- Professional Member, Association of Certified Anti-Money Laundering Specialists
- Member of NAVA

ADMISSIONS

- Bar of District of Columbia
- Bar of New York

EDUCATION

- J.D., Tulane Law School, 1998

- B.A., University of North Carolina, 1992, (Political Science)

LANGUAGES

- Hungarian

REPRESENTATIVE EXPERIENCE

Recent examples of his work include:

- conducting anti-money laundering program reviews for financial institutions;
- responding to SEC staff deficiency and sweep letters;
- winding down an insurance company's variable insurance business;
- negotiating Rule 22c-2 agreements for a major retirement platform provider and participation agreements for a new variable annuity product;
- participating in a major overhaul of wrap program agreements and related ADV Part II disclosure;
- converting several unregistered funds into registered funds;
- participating in the representation of a large investment company complex in an investigation by state attorneys general and securities regulatory agencies with respect to market timing, supervision and fiduciary responsibilities;
- developing and drafting tailored anti-money laundering compliance solutions (including policies, procedures, client intake forms and other items) for bank, broker-dealer, asset management and insurance company clients;
- obtaining exemptive relief for mixed and shared funding for variable insurance products on behalf of a mutual fund complex;
- monitoring legislative and regulatory developments relating to anti-money laundering and the USA Patriot Act; and
- conducting training presentations for clients on anti-money laundering and OFAC compliance.



James D. Gallagher

OVERVIEW

James David Gallagher III is an associate in the Boston office.

PROFESSIONAL BACKGROUND

Mr. Gallagher was an intern in the Investment Management practice group during the summer of 2011 and a summer associate with K&L Gates in 2012.

BOSTON

P +1.617.951.9212

F +1.617.261.3175

jim.gallagher@klgates.com

ADMISSIONS

- Bar of Massachusetts

EDUCATION

- J.D., University of Notre Dame Law School, 2013
- B.A., George Washington University, 2010

PRIMARY PRACTICE

- Investment Management, Hedge Funds and Alternative Investments



Michael D. Davalla

OVERVIEW

Michael Davalla is an associate in the firm's investment management group. Mr. Davalla focuses his practice on advising investment advisers, open and closed-end investment companies and unregistered funds on legal, regulatory and compliance matters. Mr. Davalla has experience drafting and reviewing registration statements, shareholder reports and other regulatory and legal documentation for the formation, organization and ongoing operations of registered and unregistered funds.

BOSTON

P +1.617.951.9083
F +1.617.261.3175
michael.davalla@kigates.com

PRIMARY PRACTICE

- Investment Management, Hedge Funds and Alternative Investments

PROFESSIONAL BACKGROUND

Prior to joining the firm, Mr. Davalla worked at a private Boston bank as an assistant vice president and investors services associate counsel for several years. He advised mutual fund, commodity pool and exchange-traded fund clients on matters regarding corporate governance and related legal and compliance issues and prepared regulatory filings with both the U.S. Securities and Exchange Commission and the Commodity Futures Trading Commission.

ADMISSIONS

- Bar of Massachusetts

EDUCATION

- J.D., Suffolk University Law School, 2009, (*cum laude*)
- B.A., Fordham University, 2005



Matthew J. Rogers

OVERVIEW

Matthew Rogers is an associate in the firm's Boston office.

PROFESSIONAL BACKGROUND

Prior to working at the firm, Mr. Rogers interned in the Essex County District Attorney's Office. He was also a summer associate at K&L Gates in 2013.

PUBLICATIONS

- FINRA Relaxes Restrictions on Related Performance in Institutional Communications, Investment Management Alert, 2 June 2015

ADMISSIONS

- Bar of Massachusetts

EDUCATION

- J.D., Boston College Law School, 2014
- B.A., Union College, 2011, (*cum laude*)

BOSTON

P +1.617.951.9147
F +1.617.261.3175
matthew.rogers@kigates.com

PRIMARY PRACTICE

- Investment Management, Hedge Funds and Alternative Investments