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DEPARTMENT OF LAW
OFFICE OF THE
Attorney General
STATE CAPITOL
Phoenix, Arizona 85007
March 29, 1977

BRUCE E. BABBITT
ATTORNEY GENERAL

LAW LIBRARY
ARIZONA ATTORNEY GENERAL

Honorable Pete Corpstein
Arizona State Representative
State Capitol
Phoenix, Arizona 85007

Dear Representative Corpstein:

Re: 77-77 (R77-111)

You have asked whether the 1976 Annual Report prepared by Blyth Eastman Dillon & Co. for the Arizona State Retirement System violates either the antitrust laws or any applicable securities laws.

The arrangement between the Retirement Board and Blyth Eastman, reportedly paid for with so-called "soft dollars" paid as commissions, could conceivably involve a question of tying by Blyth Eastman in violation of the antitrust laws. This question would take added importance to the extent that negotiated brokerage rates were available. I am informed by the Securities and Exchange Commission that they are studying this matter pursuant to your request.

Technically, the Annual Report, however drafted, would not violate the Arizona securities law because the Arizona Securities Law probably does not apply to statutory interests in pension funds. Again, it is my understanding that the Securities and Exchange Commission has agreed to evaluate the matter from the perspective of Federal laws. I will apprise you of their findings and review them carefully.

Please let me know if we can be of further assistance

Sincerely,

BRUCE E. BABBITT
Attorney General

BEB/cp

