



OFFICE OF
STATE TREASURER
DENISE L. NAPIER

NEWS

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FINDER'S FEE DISCLOSURE FORMS MAILED TO MORE THAN 230 INVESTMENT SERVICE PROVIDERS CONDUCTING BUSINESS WITH STATE TREASURER'S OFFICE

Treasurer Nappier Calls for Full Disclosure by October 15

(Hartford) – State Treasurer Denise L. Nappier is notifying all investment service providers currently doing business with the State Treasurer's Office that they must disclose the names of all individuals receiving finders fees paid in conjunction with state pension funds within the past five years, as well as details about the fee payment arrangements.

In letters mailed today to more than 230 providers, including pension fund money managers, investment bankers and law firms, Nappier imposed an October 15 deadline for return of the comprehensive disclosure information.

"This is a far-reaching disclosure request, which I believe is necessary to restore public confidence in this Office following the schemes and scandals of former Treasurer Silvester," Nappier said.

The disclosure forms, covering January 1, 1995 through September 30, 1999, were sent to providers conducting business with every aspect of the Treasurer's Office, and were not limited to firms doing business with the Office's pension fund division. Nappier said that disclosure of individuals acting as finders and the fees they are paid will continue to be the policy of her administration.

In today's letter, the Treasurer states that "the federal investigation has raised a myriad of legal and ethical issues, including possible and probable conflicts of interest and appearances of impropriety." Nappier adds that the information is being requested "In our effort to comply with the spirit and letter of all Connecticut and federal laws."

On Monday, Nappier announced plans to seek full disclosure by investment service providers, saying that "investment firms seeking to do business with her office should be on notice: using finders fees as a vehicle for influence peddling is a practice I

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will not tolerate." At that time, Nappier also said she had initiated a full legal review of the state pension fund's participation in investment funds involved in the Silvester schemes, to be coordinated with the Office of the Attorney General. She also asked the state Elections Enforcement Commission to review campaign contributions during the 1998 election cycle, and said she would be informing the State Ethics Commission and the State's Attorneys Office.

"We are making it clear that anyone who wants to do business with my office must fully disclose at the time the Treasurer's Office solicits proposals for advisory services or prior to awarding the contract -- whichever comes first -- whether any finders' fees or marketing fees are to be paid to anyone as part of any transaction related to doing business with the Treasurer's Office." Nappier noted that while finders fees can be lawful as a component of an investment managers overall expenses, such fees will be scrutinized with the objective being to reduce excess payments and restrict the use of such payments in the future.

"I am pursuing every available recourse to make certain that those who participated in these illegal schemes will not do business with the Connecticut State Treasury," Nappier said. "My standard is quite clear: if an individual or business knowingly played a part in any of these illegal schemes, their days of doing business with this office are over."

Nappier said it is "critically important that elected officials work together to restore public trust in government."

"This is not a time for political grandstanding," Nappier said. "These are serious issues that go to the heart of the public's confidence in their government and the well-being of the state's pension fund assets. I welcome the support of legislators and other public officials in that effort."

"I take my fiduciary responsibilities very seriously. I pay careful attention – day in and day out – to ensuring that Connecticut's investments are safe and secure. I have not been – and will not be – deflected from that mission and that responsibility," Nappier said.