



**OFFICE OF
STATE TREASURER
DENISE L. NAPPIER**

NEWS

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\$1 Million Recovered for Pension Fund in Settlement of Class Action Securities Fraud Lawsuit; Nappier Continues Aggressive Pursuit of Funds

Payment is Largest Ever Received by Pension Fund From Class-Action Litigation

Connecticut State Treasurer Denise L. Nappier deposited nearly one million dollars in the state pension fund today – the pension fund's share of a class action securities fraud settlement against Cendant Corporation.

Nappier said her office sought the funds as part of an aggressive asset recovery and loss prevention program which brought the filing of class action claims in-house and stepped up the pursuit of funds to which the state fund could be entitled. Including the Cendant

In fiscal year 2003, Nappier's office has collected \$1.8 million for the pension fund, the largest one-year total in state history.

proceeds, Nappier's office has collected nearly \$4.4 million through class action filings during the past four years.

The amount collected by the Treasury in class action proceeds has increased from \$135,000 in fiscal year 2000, when the program first began, to \$1.05 million in 2001 and \$1.40 million in fiscal year 2002. So far in fiscal year 2003, the Treasurer's Office has collected \$1.8 million, the largest amount in one year in state history.

The state pension fund received \$953,298.30 in the Cendant case. It is the largest payment the state pension fund has ever received as a result of class-action litigation.

"We will continue to aggressively pursue the recovery of assets when we believe there has been malfeasance or irresponsible actions on the part of companies or individuals entrusted with state pension funds," Nappier said. "And we will not hesitate to go after funds that we are entitled to as part of class action litigation. Every dollar we recover will be returned to the fund that pension fund beneficiaries depend on for their retirement security."

Prior to Nappier's instituting the comprehensive program, Connecticut, like many other institutional investors, did not have a mechanism to find out about class action settlements in which the fund could receive a share of the settlement by filing a claim.

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"We now stay up-to-date on cases that could benefit the fund, and we go after money; we're entitled to," Nappier said.

In the Cendant case, it was alleged that Cendant issued false and misleading financial statements to the investing public about the company's income and earnings. The lawsuits further alleged that certain former officers and directors of the company sold or filed intentions to sell over 4 million shares of Cendant common stock preceding the announcement. Settlement of the class-action suit was reached in December, 1999.

NAPPIER'S ASSET RECOVERY AND LOSS PREVENTION PROGRAM BRINGS RESULTS

Beyond the filing of claims, Nappier's office has sought and won lead plaintiff status in a number of class action suit securities fraud cases, resulting in landmark settlements, reduced legal fees, corporate governance reforms, and recovered assets.

The best example is the 2001 Waste Management settlement, where the Connecticut pension fund sought and was designated lead counsel, and negotiated the third largest class action settlement, \$457 million, in U.S. history. Earlier this year, the fund also announced a \$35 million settlement of class action litigation in a case against Campbell Soup Company where the Treasurer's Office was co-lead plaintiff. Proceeds for the pension fund from the Waste Management and Campbell's cases are pending. Individual as well as institutional investors who experienced investment losses during the period covered by the lawsuits may be eligible to receive a portion of the settlement funds.

The comprehensive asset recovery and loss prevention program, the first of its kind in the Connecticut State Treasurer's Office, that has brought solid results and more than \$1.2 billion for the state pension fund since it was initiated by Treasurer Nappier.

The innovative program includes enhanced contract compliance and monitoring and new, expanded safeguards and guidelines in the establishment of future contractual obligations. Other aspects include an aggressive pursuit of lost assets, achieving voluntary modification of agreements, active participation in class action litigation, coordination and collaboration with other institutional investors, negotiating asset reduction, termination of managers, and, as a last resort, the initiation of litigation.

"In difficult economic times, we will continue our initiatives to save taxpayers money and recover pension funds wherever and whenever possible. Our loss prevention and asset recovery program works both sides of the ledger, benefiting the pension fund's bottom line by bringing money into the fund and strengthening our policies and practices in dealing with the companies we trust to invest our assets," Nappier said.

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