



OFFICE OF  
STATE TREASURER  
DENISE L. NAPIER

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# NEWS

**FOR IMMEDIATE RELEASE**

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**NAPIER ANNOUNCES \$850,000 IN RESTITUTION FOR PENSION FUND  
FROM FUND MANAGER CONVICTED IN SILVESTER SCANDAL**

*Restitution paid by Triumph Capital's Chairman is first money recovered  
attributable to federal convictions*

Connecticut Treasurer Denise L. Nappier said today that the state pension fund has received \$850,000 in restitution, the first money directly attributable to the federal convictions flowing from the kickback and bribery scandal involving former state treasurer Paul Silvester. Nappier made the announcement at a meeting of the state's Investment Advisory Council in Hartford.

The payment, by former Triumph Capital founder and Chairman Frederick W. McCarthy, was made as part of his plea agreement with the U.S. Justice Department. McCarthy entered into a plea agreement as of September 3, 2003 in response to charges stemming from the investment of \$200 million in state pension funds with Triumph Capital, a private equity investment firm, made by Silvester after he lost the November 1998 election.

"I've said from the early days of the Silvester scandal that state taxpayers and pension fund beneficiaries should not have to bear the burden of Silvester's actions – that's a bill that he and his cohorts ought to be paying," Nappier said. "I appreciate the diligence and determination of the Justice Department in seeing to it that these funds were directed to the pension fund."

Nappier said her office has been urging the U.S. Justice Department, which prosecuted the Silvester-related cases, to provide any funds received through fines and other actions to the pension fund.

Back in 1999, soon after the Silvester scandal was revealed and the former treasurer pled guilty, Nappier said she would "seek to recapture any and all compensation paid" to individuals implicated in the scandal, and those efforts have continued.

"I am hopeful that these are not the last dollars we will see recovered for the pension fund," Nappier said. "Beyond criminal convictions, it is important that individuals who abused the public trust pay a financial price for their brazen and deliberate abuse of the investment process."

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Prior to McCarthy's guilty plea, Triumph Capital and its General Counsel, Charles Spadoni, were convicted in July 2003 on federal charges of bribery, racketeering, conspiracy and obstruction of justice. Nappier, joined by Attorney General Richard Blumenthal, then asked U.S. District Court Judge Ellen Bree Burns, as well as the Office of U.S. Attorney and the Securities and Exchange Commission, to require restitution to the pension fund from Triumph, in addition to funds provided by any individuals convicted in the Silvester scandal.

The Triumph trial centered on the \$200 million investment made by convicted former Treasurer Paul Silvester after the November 1998 election. Nappier recovered \$10 million from Triumph in mid-1999 and \$125.2 million from that investment in May 2001, with the assistance of the U.S. Attorney's Civil Division.

Overall, Nappier has saved or recovered more than \$1 billion for the state pension fund in recent years, with the most comprehensive asset recovery and loss prevention program in the Treasury's history. Much of that is related to Silvester investments, including reductions in the state's commitment to private equity firms and recoveries such as those from Triumph. In addition, earlier this week, Nappier renegotiated fees to be paid to Putnam Investments, saving the pension fund \$225,000 in management fees.