

# **Raised Bill No. 5632**

February Session, 2006

LCO No. 2428

\*02428 \_\_\_\_\_ GAE\*

Referred to Committee on Government Administration and Elections

Introduced by:

(GAE)

## **AN ACT CONCERNING DIVESTMENT OF STATE FUNDS INVESTED IN COMPANIES DOING BUSINESS IN SUDAN.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective from passage*) For the purposes of this section, section 2 of this act and subsection (a) of section 3-37 of the general statutes, as amended by this act:

- (1) "Company" means any corporation, utility, partnership, joint venture, franchisor, franchisee, trust, entity investment vehicle, financial institution or its wholly-owned subsidiary;
- (2) "Doing business" means maintaining equipment, facilities, personnel or other apparatus of business or commerce in Sudan, including, but not limited to, ownership of real or personal property in Sudan, or engaging in any business activity with the government of Sudan;
- (3) "Invest" means the commitment of funds or other assets to a company, including, but not limited to, the ownership or control of a share or interest in the company, the ownership or control of a bond or other debt instrument by a company; and
- (4) "Sudan" means the Republic of Sudan, including its government, and any of its agencies, instrumentalities or political subdivisions.

Sec. 2. (NEW) (*Effective from passage*) (a) The State Treasurer shall review the major investment holdings of the state for the purpose of determining the extent to which state funds are invested in companies doing business in Sudan.

Whenever feasible and consistent with the fiduciary duties of the Treasurer, the Treasurer shall encourage companies in which state funds are invested and that are doing business in Sudan, as identified by the United States Department of Treasury's Office of Foreign Assets Control or the Treasurer, to act responsibly and not take actions that promote or otherwise enable human rights violations in Sudan.

(b) The State Treasurer may divest, decide to not further invest state funds or not enter into any future investment (1) in any company doing business in Sudan, or (2) in any security or instrument issued by Sudan. In determining whether to divest state funds in accordance with the provisions of this subsection, the factors which the Treasurer shall consider shall include, but not be limited to, the

following: (A) Revenues paid by such company directly to the government of Sudan, (B) whether such company supplies infrastructure or resources used by the government of Sudan to implement its policies of genocide in Darfur or other regions of Sudan, (C) whether such company knowingly obstructs lawful inquiries into its operations and investments in Sudan, (D) whether such company attempts to circumvent any applicable sanctions of the United States, (E) the extent of any humanitarian activities undertaken by such company in Sudan, (F) whether such company is engaged solely in the provision of goods and services intended to relieve human suffering, or to promote welfare, health, education, religious or spiritual activities, (F) whether such company is authorized by the federal government of the United States to do business in Sudan, (G) evidence that such company has engaged the government of Sudan to cease its abuses in Darfur or other regions in Sudan, (H) whether such company is engaged solely in journalistic activities, and (I) any other factor that the Treasurer deems prudent. In the event that the Treasurer determines that divestment of state funds is warranted from a company in which state funds are invested due to such company doing business in Sudan, the Treasurer shall give notice to such company that such funds shall be divested from such company for as long as such company does business in Sudan.

(c) The State Treasurer shall, at least once per fiscal year, provide reports to the Investment Advisory Council on actions taken by the Treasurer pursuant to the provisions of this section.

(d) In the event that the President of the United States rescinds or repeals Executive Order 13067 the provisions of this section shall no longer be effective. Sec. 3. Subsection (a) of section 3-37 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Treasurer shall, annually, on or before [October fifteenth] December thirty-first, submit a final audited report to the Governor and a copy of such report to the Investment Advisory Council, which shall include the following information concerning the activities of the office of the State Treasurer for the immediately preceding fiscal year ending June thirtieth: (1) Complete financial statements and accompanying footnotes for the combined investment funds prepared in accordance with generally accepted accounting principles, which financial statements shall be audited in accordance with generally accepted auditing standards and supplementary schedules depicting the interests of the component retirement plans and trust funds; (2) complete financial statements and accompanying footnotes for the Short Term Investment Fund prepared in accordance with generally accepted accounting principles and supplementary schedules listing all assets held by the Short Term Investment Fund; (3) a discussion and review of the performance of the combined investment funds and Short Term Investment Fund for such fiscal year in accordance with recognized and appropriate performance presentation and disclosure, including an analysis of the return earned by the portfolio and each combined investment fund as well

as the risk profile of the portfolio and each combined investment fund according to investment industry standards; (4) the activities and transactions in such reasonable detail as is appropriate of the cash management division including information on the state's cash receipts and disbursements for the fiscal year, and the debt management division including the financial statements of the tax-exempt proceeds fund prepared in accordance with generally accepted accounting principles; (5) financial statements and accompanying footnotes as well as a summary of operating results for the Second Injury Fund for such fiscal year; (6) a financial summary and report on the activities of the state's unclaimed property program for such fiscal year; (7) a listing of the companies from which state funds were divested based upon such company's business in Sudan, pursuant to the provisions of section 2 of this act, and any companies identified by the Treasurer as companies from which investment of state funds has been declared impermissible by the Treasurer, pursuant to the provisions of section 2 of this act; and ~~[(7)]~~ (8) such other information as the Treasurer deems of interest to the public.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	3-37(a)

**Statement of Purpose:**

To enable the State Treasurer to divest state funds invested in companies doing business in Sudan.