



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

NEWS

**FOR IMMEDIATE RELEASE
May 4, 2009**

**Statement of Connecticut Treasurer Denise L. Nappier
Concerning Aldus Capital, LLC**

Mandates Additional Disclosure Requirements for Funds of Funds

I am announcing today steps that we are taking to ensure the continuing integrity of the Connecticut Retirement Plans and Trust Funds (CRPTF) in light of the ongoing criminal and civil investigations surrounding the New York Common Retirement Fund during the Administration of former Comptroller Alan Hevesi.

On April 30, 2009, I informed Aldus Capital, LLC that the CRPTF would exercise its option under an investment management agreement with Aldus to terminate its relationship over the next 90 days. Aldus Capital was hired in June of 2008 as a manager of small and emerging fund managers (also known as a "fund of funds") in the CRPTF's private equity asset class. Connecticut committed \$65 million to Aldus Capital and, of that amount, approximately \$13 million has been committed to several sub-fund managers.

I commenced termination of Aldus Capital in order to protect Connecticut's interest out of an abundance of caution. Aldus Equity Partners, LP has been and continues to be the subject of investigations growing out of its business relationship with the New York Common Retirement Fund. Just last week, New York's attorney general filed a felony complaint against one of Aldus Equity's principals, and the Securities and Exchange Commission added Aldus Equity as a defendant in its civil complaint alleging violations of federal securities laws. In my judgment, Aldus Capital cannot remain focused on its Connecticut engagement under these circumstances, and that is the reason for my taking this action at this time.

The pay-to-play investigations in New York involve the payment of placement agent fees—both by funds with a direct relationship to the New York Common Fund as well as indirect relationships through sub-fund managers. This development has caused us to re-examine our disclosure policies with respect to third party payments.

As a result, I am now requiring all fund of funds managers to provide us with additional disclosures, in the form of an affidavit from each sub-fund manager, disclosing any third party payments made by the sub-fund manager in connection with its engagement on

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behalf of the CRPTF. This requirement will be mandatory and a condition of doing business with the Connecticut Treasury. (Note: The CRPTF contractual relationship is with the fund of funds manager, not the sub-fund manager, and that is why we are placing the burden of obtaining the disclosure on the fund of funds manager). The filings will be made available on the Treasury's website, www.state.ct.us/ott , as are all third party disclosures.

I am also extending our third party disclosure requirements to require any managers disclosing payments to placement agents in connection with an investment contract with Connecticut, to disclose whether the placement agent, in turn, paid any sub-agents related to the Connecticut engagement. This additional transparency is aimed at the situation in New York State in which placement agents paid sub-agents in their effort to obtain investments in New York.

Despite these developments, I believe that the reforms we adopted in Connecticut following the criminal activities of my predecessor, Paul Silvester, have stood the test of time. No one seeking to do business with the Connecticut Treasury can make political contributions to candidates for Treasurer. There is full transparency and more active independent oversight in the investment decision-making process. Finders' fees are banned and all legal third party fees are fully disclosed. Lobbyists are banned from representing firms seeking to do business with the Connecticut Treasury. And lastly, the Treasurer's Office is prohibited from directing the payment of fees to third parties.

Let me be clear: We have no tolerance for "pay to play" in Connecticut. We are committed to full disclosure and transparency, and we will take all the steps necessary to protect our rights, the interests of the 165,000 participants and beneficiaries of the CRPTF, as well as the citizens and taxpayers of our state. I said in 2000 and I will say again today about the investment of our pension funds: "In Connecticut, there are no secrets, and no deals."

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