



OFFICE OF
STATE TREASURER
DENISE L. NAPIER

NEWS

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TREASURER UPDATES COMPENSATION DISCLOSURE REPORT, ALL FIRMS FULLY RESPOND; ANALYSIS OF DATA UNDERWAY

(Hartford) -- Connecticut State Treasurer Denise L. Nappier said today that all 251 firms have now provided the disclosure information sought by her Office regarding the payment of third party compensation by Treasury vendors in connection with the procurement or maintenance of business with the Treasurer's Office since 1991.

"I am pleased that all the companies with whom we conduct business understood the seriousness with which I take this issue, and have provided us with the information we sought. We set the bar high in seeking 100% disclosure, and by underscoring the importance of that disclosure – and a fair amount of persistence – that initial goal has been achieved," Nappier said.

Nappier said that the data supplied to her office to date indicates that 37, or 15%, of the firms paid compensation between 1991 and 1999, excluding those that paid fees to employees, guaranteed investment contract brokers, or financial advisors. The total number of firms that did not pay any outside compensation is 214, or 85%, according to the information supplied by the firms.

Nappier said the focus has now moved from obtaining the disclosures to verifying and analyzing the data that has been supplied, and that process is moving forward.

"Our first step has been to resolve any apparent discrepancies with data we have received. That process is continuing, and we have already identified a number of instances where the data supplied to us has been incomplete or inconsistent with existing records. We have followed up with companies, and their disclosures have been revised and corrected as a result."

"In addition, we have initiated a review by industry experts to determine, to the extent possible, whether management fees were inflated to cover the cost to Treasury vendors," Nappier said. "Our review to date does not indicate a difference in the range of management fees paid by those firms paying third party compensation and those who did not. We will continue that review to determine whether any costs were inappropriately shifted to the pension fund by private equity partnerships or other firms."

Contact: Bernard L. Kaval er
Director of Communication
(860) 702-3277 FAX (860) 702-3043
BERNARD.KAVALER@PO.STATE.CT.US

On September 30, Treasurer Nappier asked companies to disclose all fees and compensation paid in connection with the procurement or maintenance of business conducted with the Treasurer's Office. The initial deadline for response was October 15. The vast majority of companies complied by that date; the remaining companies have now responded. The Treasurer had said that she would pursue every available legal recourse to end business relationships with companies that did not respond fully to her disclosure directive.

"I believe the public should be aware of the business relationships that affect the procurement of business by government agencies. This disclosure is a critical step toward restoring public confidence in state government," Nappier said.

Nappier again noted that the information disclosed to her Office, simply by virtue of being disclosed, should not necessarily be considered to reflect unlawful, improper or unethical actions. She also emphasized that the disclosure list is not limited to finder's fees but includes third party compensation paid by Treasury vendors in conjunction with Treasury business. In addition, she pointed out that the information released is the firms' representation of whether and on what basis compensation was paid.

In addition, Nappier said that a review of contractual rights and obligations -- in conjunction with the Attorney General's Office -- will occur in those instances where the United States Attorney or other law enforcement agencies provide sufficient evidence that a firm with whom the Treasurer's Office currently maintains a business relationship knowingly participated in the illegal schemes of former Treasurer Silvester. Nappier reiterated her intention, where prudent and appropriate, to seek reparations and/or end business relationships with firms that knowingly participated in the Silvester scandal.

Nappier said she would also continue working with the General Assembly and the State Ethics and Elections Enforcement Commissions to "ensure compliance and clarity in state law" and craft necessary changes to help restore public confidence. Both agencies have recently initiated action in the wake of the scandal at the request of Treasurer Nappier.

Nappier also noted that such disclosure is now, and will continue to be, the policy regarding all future contracts with the Treasurer's Office.

NOTE: The initial list of companies responding to the disclosure directive was released on October 20 and a subsequent list was released on November 10. The final addendum is being released today, December 8. The three lists can be viewed on the Treasurer's Office web site at www.state.ct.us/ott