



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

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# **NEWS**

**FOR IMMEDIATE RELEASE**

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## **\$297.5 Million Distributed to State Treasury from Private Equity Firm; Company Agrees Not to Re-invest Funds Without Approval**

Connecticut State Treasurer Denise L. Nappier has announced an agreement with the Crossroads Group, the general partner of Crossroads Constitution Limited Partnership, one of the state pension fund's private equity investment firms that has brought the pension fund \$297.5 million.

Crossroads, a Dallas-based investment firm, was holding the money that was earned from investments made on behalf of the state pension fund to be used for additional, new investments -- without the state's approval or authorization.

Crossroads had argued, for more than two years, that a pre-existing contract with the State Treasury, dating back to the late 1980's, gave it the right to reinvest funds without distributing them to the pension fund, and without the express approval of Treasury officials. State Treasurer Denise Nappier strongly disagreed, and specifically directed the firm not to reinvest the funds and turn them over to the pension fund.

At Nappier's direction, the Treasurer's Office began determined negotiations to resume full and complete distribution of the investment earnings. "We were prepared to file a civil action against Crossroads after a year of ups and downs in negotiations," Nappier told the state's independent Investment Advisory Council in the latest briefing on the potential litigation. "At the brink of doing so, negotiations accelerated, and have now led to what I consider an excellent result."

During the negotiations, Crossroads distributed \$49.5 million to the Connecticut pension fund earlier this year, the first distribution since December 1999. Combined with the \$297.5 million, the Connecticut pension fund has now received \$347 in distributions from Crossroads this calendar year, the first distributions received in more than two years.

"The bottom line of this agreement is solid and clear. Crossroads has agreed to stop acting unilaterally without our consent. And they have now distributed directly to the pension fund the \$297.5 million in investment proceeds that they had been arguing could be invested whether we liked it or not, under the terms of a contract that is more than a decade old."

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Under the agreement, Crossroads has agreed to:

- Cease making any further investment commitments
- Distribute to the Connecticut pension fund all accumulated investment proceeds (\$297 Million)
- Distribute, no less than quarterly, all future investment proceeds
- Deliver in-kind to the Connecticut pension fund, at its direction, its pro rata share of all partnership assets upon the termination date of the partnership in May 2004

"At that time, Nappier said, "the pension fund, based on its needs, can determine which investments to hold for future investment and which it should liquidate."

Crossroads Constitution Limited Partnership is the general partner in the private equity investment; the Connecticut pension fund is the sole limited partner. The partnership dates back to 1987, when the Treasurer's Office made a \$300 million investment in the fund, which was then based in Connecticut. The current General Partners, who are based in Texas, took over the fund from the original, Connecticut-based general partner group in the late '90's, during a prior Treasury administration.

"This contract dispute has been resolved in the best interest of the beneficiaries of the pension fund, because we now have in place clear and definite procedures and requirements that will better protect the investment of these funds," Nappier said.

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