

Navigation

- [→ Home](#)
- [→ Media Archives](#)
- [→ Submit Release](#)
- [→ Web Directory](#)
- [→ Privacy Policy](#)
- [→ Terms of Use](#)
- [→ About Us](#)
- [→ Contact Us](#)
- [→ XML Feeds](#)

CUOMO BUILDS SUPPORT FOR LEGISLATION TO REFORM STATE PENSION FUND

EAST FISHKILL, N.Y. (October 14, 2009) - Attorney General Andrew M. Cuomo, along with State Senators Vincent Leibell and Steve Saland, and Assemblymembers Joel Miller, Marcus Molinaro and Frank Skartados, today announced local, bipartisan support for the Attorney General's sweeping pension reform bill, which would replace the sole trustee at the New York State Common Retirement Fund with a board of trustees and eliminate pay to play in state public pension funds.

[Refinance 4.25% FIXED](#)

No Hidden Fees - 4.4% APR! Get 4 Free Quotes. No SSN reqd.
[RefinanceRates.LendGo.com](#)

Ads by Google



(Media-Newswire.com) - EAST FISHKILL, N.Y. (October 14, 2009) - Attorney General Andrew M. Cuomo, along with State Senators Vincent Leibell and Steve Saland, and Assemblymembers Joel Miller, Marcus Molinaro and Frank Skartados, today announced local, bipartisan support for the Attorney General's sweeping pension reform bill, which would replace the sole trustee at the New York State Common Retirement Fund with a board of trustees and eliminate pay to play in state public pension funds.

The legislation, entitled, "Taxpayers' Reform for Upholding Security and Transparency" ("T.R.U.S.T.") would institutionalize Cuomo's Public Pension Fund Reform Code of Conduct, announced earlier this year, and provide additional civil, criminal and administrative penalties and sanctions to ensure firms and individuals are held accountable for violations of the new law. The Common Retirement Fund, last valued at \$116.5 billion, is the state's largest pool of money.

"Since unveiling TRUST last week, the swell of bipartisan, local support for our reform efforts has continued," said Attorney General Cuomo. "This bill is not about politics - it's about doing right by the taxpayers and the public employees of this state who put their faith in New York government. It's about changing the way our public pension fund operates and restoring integrity to the process. The local support behind this bill gives us momentum to carry it forward and ensure that corruption and pay-to-play are finally and fully eliminated from the State pension fund."

State Senator Vincent Leibell said, "I want to congratulate Attorney General Cuomo for taking a strong leadership position in reforming how our state pension funds are administered. These important changes as proposed by the Attorney General are critical to providing the accountability and transparency for these public dollars that the public has a right to expect."

Assemblyman Joel Miller said, "I am very pleased to support Attorney General Andrew Cuomo's reform of the oversight of the State Pension System. The new board will ensure appropriate investments are made while significant criminal penalties will discourage the "pay-to-play" scenario in which unqualified scoundrels are able to skim hard earned investment dollars out of the pension system. This reform in no way reflects a lack of faith in the excellent job done by state Comptroller Thomas DiNapoli, but will ensure that we can have faith in future decisions and the security in the pension fund well into the future."

Assemblyman Marcus Molinaro said, "It is promising that Attorney General Andrew Cuomo is advocating for the creation of a new board to oversee the state pension fund. Cuomo's investigation of the state pension fund, which exposed how a few corrupt individuals schemed to defraud the fund of millions, shows the desperate need for greater accountability and transparency over those controlling state retirement monies. A new oversight board is a great start in tackling the many problems plaguing the state pension fund. It is definitely a step in the right direction toward the real reform so desperately needed in this embattled state agency."

Assemblyman Frank Skartados said, "Attorney General Cuomo's legislation seeks to protect one of New York's most important assets: the Common Retirement Fund. It makes sure that the public retirement system is free from corruption and conflicts of interests. I thank the Attorney General for undertaking this investigation and for the crucial reforms he's put forward."

Town of East Fishkill Supervisor John Hickman said, "Attorney General Cuomo's ongoing tenure as a public servant and his commitment to New York is commendable. His office continues to be a very active presence in our community and I am proud that he has come to East Fishkill today to discuss how we can reform and improve our state pension system."

Today's legislation would increase the rigor, integrity and transparency of the investment process by eliminating campaign contributions by firms investing public pension money and banning the use of intermediaries paid to open the door to public pension fund investments. The legislation would also strengthen enforcement by adding misdemeanor and felony provisions and authorizing the Attorney General to commence civil actions to enjoin ongoing violations and impose civil penalties.

Attorney General Cuomo continued: "Public pension money is supported by taxpayer dollars and held in trust for state and local employees. This bill will help safeguard that trust and pave the way for reforms across the nation."

The legislation:

Creates a New Employees' Retirement Fund Board ("Board"): To manage the Common Retirement Fund, the sole trustee will be replaced with a Board of Trustees composed of 13 members. The Comptroller would chair the Board and serve alongside six members appointed by the Governor, Attorney General, Temporary President of the Senate, Speaker of the Assembly, the Senate Minority Leader and the Assembly Minority Leader. The Board's other six members are to be selected by the members of CRF. Specifically, one active member of the retirement system shall be selected by active members in the retirement system; one retired member shall be selected by retired members; one county employee shall be selected by county employees in the retirement system; one local government employee selected by local governmental employees in the retirement system; and one police or fire employee selected by the New York State and Local Police and Fire Retirement System. All members of the Board must have investment expertise and shall not have been employees of the retirement system for three years.

Bans Placement Agents: Investment firms are prohibited from using placement agents, lobbyists, or any other third-party intermediaries to communicate or interact with public pension funds for any purpose. The prohibition does not apply to the use of consultants and investment banks to otherwise directly assist investment firms by, for example, preparing marketing materials or performing due diligence.

Bans "Pay to Play": Prohibits investment firms (and their principals, agents, employees and family members) from doing business with a public pension fund for two years after the firm makes a campaign contribution to any board member. The prohibition also applies to candidates for such positions, but does not apply to contributions of \$300.00 or less to elected officials or candidates for whom the person making the contribution can vote.

Increases Transparency: Requires rigorous, ongoing disclosure of information relating to the identities, responsibilities and qualifications of investment fund personnel and any payments by investment firms to third-parties in connection with public pension fund matters. Also requires investment firms to promptly publish such information on their websites.

Imposes Higher Standard of Conduct: Holds investment firms to a higher standard of conduct that avoids even the appearance of impropriety. The legislation prohibits (1) improper relationships between pension fund officials and an investment firm's personnel or agents, (2) "revolving door" employment by investment firms of former public pension fund officials and employees, and (3) improper gifts by investment firms to public pension fund employees and officials;

Enhances Conflicts of Interest Policies: Investment firms are required to promptly disclose and cure any actual, potential and apparent conflicts of interest to public pension fund officials or law enforcement authorities where appropriate.

Ensures Ongoing Compliance: Investment firms must certify annually that they are in compliance with key disclosure requirements.

Strengthens Enforcement: T.R.U.S.T. institutes comprehensive and tough enforcement provisions. History teaches that self-policing is an ineffective means to safeguard State pension funds. An effective enforcement model and deterrent is imperative. TRUST provides such a model and deterrent. It creates tough new civil, criminal and disciplinary penalties and sanctions, and requires licensed professionals to report to law enforcement evidence of violations of the law. It also provides as a basis of criminal prosecution the theft of property and honest services from the retirement system, and extends the statute of limitations for a person acting in concert with a public servant.

T.R.U.S.T. would codify the Public Pension Fund Reform Code of Conduct created by Cuomo and his Office earlier this year. To date, seven firms have signed onto the Code: The Carlyle Group, Riverstone Holdings, Pacific Corporate Group, HM Capital, Falconhead Capital, Levine Leichtman Capital Partners, and Access Capital Partners. These firms collectively have agreed to return nearly \$60 million associated with New York State Common Retirement Fund ("CRF") investments; these funds will principally be provided to the CRF for the benefit of the pension holders.

For years, establishing an independent board of trustees for the Common Retirement Fund has been supported by policymakers and organizations across New York. For instance, as an Assemblyman, Comptroller Thomas DiNapoli voted in favor of a 1993 Assembly bill to create a 17-member board to oversee the CRF. Likewise, other associations with beneficiaries in the system have pushed for a board of trustees.

The legislation stems from a two-year, ongoing investigation into corruption involving the New York State Comptroller's Office and the CRF, conducted by Attorney General Cuomo's Office. The charges to date allege a

complex criminal scheme involving numerous individuals operating at the highest political and governmental levels under former Comptroller Alan Hevesi, in which the New York state pension fund was used as a piggy bank for the Comptroller's chief political aide and a favor bank for political allies and other friends.

Attorney General Cuomo's investigation into corruption at the CRF has led to a number of criminal charges to date, including charges against Morris and Loglisci, former Liberal Party Chair Ray Harding, and investment advisor Saul Meyer. Meyer, Harding, hedge fund manager Barrett Wissman, and Julio Ramirez, an unlicensed placement agent associated with Wetherly Capital, have pled guilty to Martin Act securities fraud charges for conduct related to the pension fund. Morris and Loglisci are presumed innocent until they are proven guilty in court.

Cuomo also issued subpoenas in May to over 100 investment firms and agents after his investigation found that 40 to 50 percent of agents obtaining investments from New York pension funds were unregistered.

In July, the United States Securities & Exchange Commission proposed new pay-to-play rules that would institutionalize Cuomo's Code of Conduct nationwide.



Published by:

New York Disability Claim

Get Your Social Security Benefits Now. Get Info & A Free Evaluation!

NYS DOH Infertility Grant

Free Consultations, MicroIVF \$3900, 75% Success, Most Easy Locations

Ads by Google

Release Date

This story was released on 2009-10-15. Please make sure to visit the official company or organization web site to learn more about the original release date. See our [disclaimer](#) for additional information.

(c) Media-Newswire.com - All Rights Reserved