



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

NEWS

FOR IMMEDIATE RELEASE
April 21, 2009

**Statement of Connecticut Treasurer Denise L. Nappier
In Response to the Indictment of
Former New York Common Retirement Fund CIO David Loglisci and Hank Morris**

I have received a number of inquiries since the announcement of the New York State indictment of and the SEC complaint against former New York Common Retirement Fund Chief Investment Officer David Loglisci and political advisor Hank Morris in connection with an alleged pay-to-play scheme in New York. Connecticut has adopted a number of laws and has policies in place to prevent similar schemes from occurring here.

In 1995, Connecticut outlawed campaign contributions to the State Treasurer, the principal fiduciary of the Connecticut Retirement Plans and Trust Funds, from principals of investment services firms doing business with the Treasurer's Office. In addition, such firms that have no business relationship with the Treasurer's Office can be disqualified from obtaining future business if their principals violate Connecticut's campaign finance laws. Additionally, prior to entering into contracts or making investment decisions, the Treasurer's Office requires disclosure of all campaign contributions by principals of the vendor. These provisions eliminate campaign contributions as a means of exerting improper influence, one of the primary "quid pro quos" behind most pay-to-play schemes.

In addition, in 2000, Connecticut prohibited the payment of "finder's fees" in connection with investment transactions involving the State, that is, payment to firms that provide no service but merely act as "door openers." Under the law, payment of placement agent fees to firms that perform legitimate marketing and due diligence services is allowed, but must be disclosed by firms prior to entering into a contract with the State for investment services.

It is Connecticut's policy and practice to fully disclose all third party payments disclosed by our fund managers, including payments to placement agents, on our website. During fund due diligence, a fund is required to disclose whether it is using a placement in connection with a proposed Connecticut investment and, if so, to name the placement agent. In addition, disclosure of third party payments is required annually. The Annual Disclosure reports can be viewed by clicking the following link to the Connecticut Treasury disclosure web page,
<http://www.state.ct.us/ott/3rdpartypaymentdisclosure.htm>.

A review of these reports reveals no disclosure of any payment to Searle & Co., Henry "Hank" Morris, or any of the other Morris-related placement agents identified in the New York indictment or the SEC complaint in connection with any investment made by the Connecticut Retirement Plans and Trust Funds.

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