



NEWS RELEASE

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Treasurer Lockyer Co-Sponsors Legislation to Crack Down on Placement Agents Who Pitch Investments to Public Pension Plans *Bill Requires Registration as Lobbyists, Adds Transparency, Limits Pay-to-Play*

SACRAMENTO – State Treasurer Bill Lockyer will co-sponsor legislation introduced today that would require placement agents to register as lobbyists before pitching investments to public pension plans in California.

“Public pension fund investment decisions should not carry even the faintest whiff of secret handshakes in the shadows with politically-connected influence peddlers,” Lockyer said. “This legislation will help protect the integrity of those decisions by increasing transparency and reducing the ability of high-paid middlemen to use money and gifts to win favorable treatment. And it will help make sure the interests of workers, retirees and taxpayers remain paramount.”

The legislation, Assembly Bill 1743 by Assemblyman Ed Hernandez, D-West Covina, would define placement agents as lobbyists under the state’s Political Reform Act. Placement agents would be subject to strict gift limits and campaign contribution prohibitions, and be prohibited from receiving compensation contingent on any pension fund investment decision. Placement agents, their firms and employers would be required to report quarterly on how much money they pay, or get paid, to influence investment decisions, and on gifts they provide to fund officials.

“This bill enhances transparency and removes any cloud of secrecy around investment decisions made by public pension funds,” said Hernandez. “The message we’re sending is that we won’t let a few placement agents damage the credibility of our public pension plans. The focus is on full disclosure and protecting the system from any kind of improper influence.”

At the state level, the measure would apply to the California Public Employees’ Retirement System (CalPERS) and the California State Teacher’s Retirement System (CalSTRS). It also would cover local retirement systems in jurisdictions that have lobbyist registration laws in place.

In addition to Lockyer, the bill’s co-authors are CalPERS and State Controller John Chiang.

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“This bill will help ensure full transparency and accountability when it comes to our investment decisions,” said Rob Feckner, President of the CalPERS Board of Administration.

“Our legislation puts the interests of taxpayers, public pension fund members, and retirees first,” said Chiang. “Subjecting placement agents to the same ethics rules as lobbyists will help safeguard public pension fund investments from individuals seeking questionable influence.”

Assembly Bill 1743 is the second measure Lockyer has backed to regulate the actions of placement agents. Last fall, he supported AB 1584, also carried by Hernandez, placing strict new reporting requirements on placement agent activities and strengthening the revolving door policy for retiring pension fund board members, supervisors, and other staff members.

CalPERS is the largest U.S. public pension fund with approximately \$199 billion in assets. It administers retirement benefits for more than 1.6 million active and retired State, public school, and local public agency employees and their families.

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