



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS ADVISORY

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Treasurer Chiang Hails Passage of Legislation Piercing Shroud of Secrecy Over Private Equity Fees

Congratulates AB 2833 author Assemblyman Ken Cooley on passing the first state legislation in the nation to require public pension funds to publicly disclose fees

SACRAMENTO – State Treasurer John Chiang today applauded the successful passage of Assembly Bill 2833, legislation he sponsored and that was authored by Assemblyman Ken Cooley (D-Rancho Cordova).

“Today, California passed a bill that will impose the most robust transparency requirements in the nation with respect to public fund investments in private equity firms,” Chiang said. “For the first time, taxpayers and pension beneficiaries will get to go behind the curtain to view the previously hidden fees and charges paid to private equity investment companies.

“This is important because every dollar paid in fees is one less dollar available for promised pension benefits,” he added. “I extend my deepest thanks to Assemblyman Cooley for partnering with me on this first-in-the-nation effort to protect taxpayer, as well as pension dollars.”

Assemblyman Cooley commended Treasurer Chiang on making transparency and accountability in our pension system a priority for his office.

“Greater transparency in the fees paid to Wall Street will benefit all stakeholders in pension administration – taxpayers, administrators of all public and private pension plans, and all California cities, counties, and state governments and employees,” he said.

Treasurer Chiang first questioned the lack of transparency in private equity fees in a 2015 letter to the boards overseeing the state’s two largest pension funds, the California State Teachers Retirement System and California Public Employees Retirement System. The Treasurer sits on both boards.

The lack of transparency “undermines our fiduciary duty to protect our members and the public at large,” he wrote. “Without it, how can we ever hope to have a meaningful dialogue with

private equity firms, regulators, and other investors about the appropriate level of fees that should be paid.”

Passage of the legislation stirred cheers of approval in California and across the nation.

“You shouldn’t need a detective to find out what fees Wall Street managers are charging pension funds,” said New York City Comptroller Scott M. Stringer, another leader in the movement to bring greater transparency to private equity fees.

“California is right to demand accountability and transparency from private equity firms about all of the fees they are charging. State Treasurer Chiang and Assemblyman Cooley have shown real leadership by passing this legislation.”

Sam Rodriguez, legislative director for the United Food and Commercial Workers Western States Council, agreed.

"We applaud the good work State Treasurer John Chiang and Assemblymember Ken Cooley have achieved through the passage of AB 2833, bringing a higher level of governance to private equity activities in the marketplace and how they may affect the California economy and workers," he said.

What others are saying about AB 2833:

“It is absurd and dangerous that private equity firms are able to keep the fees they charge to public bodies secret. I am grateful to State Treasurer Chiang and Assemblyman Cooley for taking this important and needed step toward full transparency.”

--Illinois State Senator Daniel Biss

“I firmly believe that the federal government needs to take a strong stand on ensuring transparency in the private equity industry. Until that time, however, I applaud the efforts Treasurer Chiang and the California Assembly have made toward combating these issues with public funds in their state.”

--Illinois State Treasurer Michael Frerichs

“Many of private equity’s fees are opaque; this bill is a step in the right direction to give the public and California’s pension funds more information.”

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