



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS ADVISORY

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Governor Signs Bill Requiring Wall Street Disclosure

California first in nation to require reporting of previously hidden fees, costs

SACRAMENTO – Gov. Jerry Brown today signed AB 2833, sponsored by State Treasurer John Chiang, imposing the nation’s most robust transparency requirements on fees paid by public pension funds to private equity investment firms.

The bill was authored by Assemblymember Ken Cooley (D-Rancho Cordova).

“California taxpayers and pension beneficiaries will now get to go behind the curtain to view the previously hidden fees and charges paid to Wall Street firms,” said Chiang. “This is important because every dollar paid in fees is one less dollar available for promised pension benefits.”

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

Assemblymember Cooley commended Treasurer Chiang on making transparency and accountability in our pension system a priority.

“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.

California’s leadership on private equity disclosure has won support 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.”

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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[AB 2833 Fact Sheet: Piercing the Veil of Secrecy Covering Wall Street Private Equity Fees](#)

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