



JOSH MANDEL

STATE TREASURER OF OHIO

Josh Mandel Has Been Fighting to Protect Pension Funds from Fraud for Two Years On December 18, 2009, a class action suit was filed in federal court in Boston against State Street alleging numerous violations of federal securities laws, including the fraudulent pricing of foreign currency trades. On October 20, 2009, California Attorney General Jerry Brown filed suit against State Street Bank, estimating that two California pension funds, CalPERS and CalSTRS were overcharged by more than \$56.6 million over eight years. Beginning nearly two years ago Josh Mandel started to raise serious concerns over whether the banks that the previous administration chose to be international custodians for Ohio pension funds were defrauding Ohio taxpayers, teachers, police, firefighters and retirees of millions. On April 29, 2010, Ohio Treasurer Kevin Boyce awarded Boston-based State Street bank the global custody designation to hold \$32 billion for three of Ohio's pension funds, even though he knew that California Attorney General Jerry Brown had accused them of defrauding two California pension funds of more than \$56 million just six months before. On May 11, 2010, New York Attorney General Andrew Cuomo filed a lawsuit accusing Bank of New York Mellon of committing fraud in New York. Treasurer Boyce responded with a statement in which he claimed that pension funds were safe with BNY as custodian, even though Boyce acknowledged that giving BNY fewer assets would reduce risks. On June 9, 2010, Josh Mandel raised serious concerns over questions of ethics raised in media reports by the Cleveland Plain Dealer and Dayton Daily News related to the awarding of contracts with State Street in a letter to Joseph L. Hooley, President and CEO of State Street Corporation. On October 26, 2010, the pension system of Washington State entered into a settlement agreement with State Street regarding the bank's pricing of foreign exchange transactions. State Street paid the pension system an \$11.7 million settlement, thereby avoiding litigation. On November 2, 2010, Josh Mandel was elected on a promise to end the corruption in the Treasurer's office, investigate whether Ohio pension funds were being defrauded, and protect taxpayers from being exploited by these banks that had been accused of raiding pension funds for millions in other states. On January 10, 2011, Josh Mandel was sworn in as State Treasurer of Ohio, and immediately launched a top-bottom review of the office, including a review into whether Ohio pension funds had been exploited by their international custodians during foreign currency exchange transactions. On February 10, 2011, the Arkansas Teachers Retirement System filed a federal class action suit in Boston alleging that State Street engaged in unfair and deceptive practices in connection with foreign currency exchange transactions. On April 28, 2011, it is reported that the Massachusetts Secretary of the Commonwealth launched an investigation into State Street regarding its pricing of foreign exchange transactions. On May 12, 2011, State Street discloses in a regulatory filing that the U.S. Securities & Exchange Commission (SEC) has launched an investigation into the bank's foreign-exchange trading on behalf of pension funds. On June 14, 2011, Treasurer Mandel formally requested that Ohio Attorney General Mike DeWine investigate whether banks conducting foreign currency exchange transfers on behalf of the state exploited Ohio retirees, businesses and taxpayers. On July 22, 2011, a class action suit is filed against BNY in federal court in San Francisco alleging that its foreign currency pricing practices violated several state laws. On August 3, 2011, a federal judge in Boston denied State Street's motion to dismiss a lawsuit alleging that it engaged in fraudulent practices with respect to the pricing of foreign currency exchange transactions. In her decision, the judge wrote, "Plaintiffs have provided sufficiently particularized facts supporting their allegations of an Exchange Act violation with respect to the FX practice to survive Defendants' motion to dismiss." On August 11, 2011, the Attorney Generals of Florida and Virginia file separate suits against BNY in their respective state courts. On October 4, 2011, the Justice Department files a civil fraud suit against BNY in federal district court in New York City alleging that BNY "fraudulent misled clients" with regard to the pricing of foreign exchange transactions. The New York Attorney General also files a suit against BNY in New York State court pertaining to the same conduct. On October 26, 2011, the Massachusetts Secretary of the Commonwealth files an administrative complaint against BNY with regard to its foreign currency exchange pricing

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practices. On February 14, 2012, a federal judge in San Francisco denied BNY's motion to dismiss a lawsuit alleging that its foreign currency pricing practices violated several state laws. On March 12, 2012, Ohio Attorney General Mike DeWine filed a lawsuit against the Bank of New York Mellon alleging breach of contract, fraud, and deceptive practices, and seeking \$16 million in damages on behalf of the Ohio Police & Fire Pension Fund, and School Employees Retirement System. On March 19, 2012, Treasurer Mandel formally announced that the state of Ohio will no longer be employing Bank of New York Mellon or State Street as international custodians for Ohio's public pension funds or other state entities. This fulfills a promise to clean up the Treasurer's office and cut ties with banks accused of exploiting Ohio's pension funds.####

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