

ALLOCUTION

From January 1, 2003 through December 22, 2006, I served as New York State Comptroller and the sole trustee of the New York State pension fund, known as the Common Retirement Fund. As Comptroller and sole trustee of the Common Retirement Fund, I understood that I was obligated to act exclusively in the best interests of the members and beneficiaries of the Common Retirement Fund, free from political considerations and other improper pressures, and to avoid and disclose conflicts of interests and the appearance of conflicts of interest.

Beginning in June 2003 through September 2005, I approved a series of Common Retirement Fund investments totaling \$250 million in Markstone Capital Partners (“Markstone”), a private equity fund managed by Elliott Broidy. In exercising my discretion as Comptroller to approve these deals, I gave preferential treatment to Markstone and Broidy, who was a friend of mine and political fundraiser for my campaign. I also sought to help Broidy in his efforts to market Markstone by encouraging other public pension funds to invest in Markstone.

At the same time that Broidy was soliciting investments from the Common Retirement Fund, and after Markstone had received investments from the Common Retirement Fund, I knowingly accepted and agreed to accept benefits from Broidy for having improperly favored Markstone for New York State Common Retirement Fund investments, in violation of my fiduciary and other duties as a state public official and the sole trustee of the New York State Common Retirement Fund.

In sum, for favoring Markstone and approving \$250 million in CRF investments in Markstone in violation of my duties as a public servant, I knew that Broidy paid benefits amounting to nearly \$1 million dollars, as set forth below, including at least \$75,000 in travel expenses for myself, my family and other CRF officials, approximately \$380,000 in consulting fees to a third party, and campaign contributions in excess of \$500,000. In particular:

i. Broidy and I agreed that Broidy would pay for certain travel expenses on my behalf, and I was aware that Broidy concealed his payment of some of these expenses through the use of charitable organizations and false invoices submitted to the Office of the New York State Comptroller. On at least five occasions, between in or about April 2003 and in or about June 2006, I traveled to Israel, and on one occasion to Italy, with Broidy and certain high-ranking officials of the Office of the New York State Comptroller. Pursuant to our agreement, Broidy paid at least \$75,000 in travel expenses incurred by myself, other Office of the New York State Comptroller officials, and my adult children, in connection with these trips. In addition, Broidy paid for expenses associated with several trips that I made to California for campaign fundraising purposes.

ii. During my tenure, as I knew, my paid political adviser and campaign manager Henry “Hank” Morris arranged for Broidy to enter into a sham consulting agreement with a lobbyist friend of Morris who was also a political supporter of mine,

pursuant to which Broidy paid or caused to be paid in excess of \$380,000 to the lobbyist over a period of more than two years. Markstone, with my knowledge, failed to comply with its obligation to disclose to New York State Common Retirement Fund staff that these payments had been made in connection with the New York State Common Retirement Fund's investment in Markstone.

iii. From in or about June 2003 through in or about August 2006, Broidy made or arranged for in excess of \$500,000 in campaign contributions as directed by me or my campaign staff.

I did not disclose the fact and circumstances of the benefits I received from Broidy to investment staff or others at the Office of the New York State Comptroller.

Furthermore, I acknowledge that during my tenure as New York State Comptroller, Morris solicited contributions to my re-election campaign from those doing business with the Common Retirement Fund. I understood that during my tenure as Comptroller, Morris was also a paid placement agent in connection with Common Retirement Fund investments, and that he steered Common Retirement Fund investments to friends and political associates.