

ATTORNEY GENERAL OF THE STATE OF NEW YORK

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IN THE MATTER OF :
PATRICIA LYNCH ASSOCIATES INC. :
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Investigation
No. 10-154

**ASSURANCE OF DISCONTINUANCE
PURSUANT TO EXECUTIVE LAW § 63(15)**

In March 2007, the Office of the Attorney General of the State of New York (the “Attorney General”), commenced an industry-wide investigation pursuant to Article 23-A of the General Business Law (the “Martin Act”), into allegations of “pay-to-play” practices and undisclosed conflicts of interest at public pension funds, including the New York State Common Retirement Fund. The investigation revealed that private equity firms and hedge funds frequently use placement agents, finders, lobbyists, and other intermediaries (“placement agents”) to obtain investments from public pension funds, and that many of these placement agents do not hold the licenses and registrations required for placement agents. This Assurance of Discontinuance (“Assurance”) contains the findings of the Attorney General’s investigation as relevant to Patricia Lynch Associates Inc. (“PLA”) and the employees thereof, and the relief agreed to by the parties.

WHEREAS, the Attorney General finds that trillions of dollars in public pension funds in the United States are held in trust for millions of retirees and their families and these funds must be protected from manipulation for personal or political gain;

WHEREAS, the Attorney General finds that public pension fund assets must be invested solely in the best interests of the beneficiaries of the public pension fund;

WHEREAS, the Attorney General finds that the New York State Common Retirement Fund in particular is the largest asset of the State and, having been valued at \$150 billion at the time of the events described in this Assurance, was larger than the entire State budget this year;

WHEREAS, the Attorney General finds that public pension funds are a highly desirable source of investment for private equity firms and hedge funds;

WHEREAS, the Attorney General finds that corporations, private equity firms and hedge funds frequently use politically-connected individuals selling access to public money;

WHEREAS, the Attorney General finds that the use of politically connected individuals to obtain public pension fund investments and access to the Comptroller's Office is a practice fraught with peril and prone to manipulation and abuse;

WHEREAS, the Attorney General has found a systemic problem of persons acting as placement agents at the Office of the State Comptroller without proper licensing and registration;

WHEREAS, the Attorney General finds that the legislature has designated the New York State Comptroller, a statewide elected official, as the sole trustee of the Common Retirement Fund, vesting the Comptroller with tremendous power over the Common Retirement Fund, including the ability to approve investments and contracts worth hundreds of millions of dollars and vote shares of stock held in corporations;

WHEREAS, PLA acknowledges the rules and regulations governing, and the conflicts of interest inherent in, the use of lobbyists, placement agents, and other

intermediaries, who may also make political contributions, to obtain public pension fund investments or to influence stock votes;

WHEREAS, PLA embraces the Attorney General's Reform Code of Conduct attached to this Assurance and incorporated by reference herein; and

WHEREAS, PLA understands the applicable state and federal law concerning registration requirements for placement agents and securities dealers.

I. PATRICIA LYNCH ASSOCIATES INC.

1. Patricia Lynch Associates Inc. is a lobbying firm with offices in Albany, Buffalo, and New York, New York, and an international affiliate in Panama City, Panama. In this Assurance, "PLA" means, unless the context clearly indicates otherwise, Patricia Lynch Associates Inc. and any of its successors, parents, subsidiaries and affiliates, and any of its directors, officers, partners, and employees.

2. Patricia Lynch is the president and founder of PLA and is a member of LW Strategies, LLC, a consulting firm.

II. THE NEW YORK STATE AND NEW YORK CITY OFFICES OF THE COMPTROLLER

3. The New York Office of the State Comptroller (the "OSC") administers the New York State Common Retirement Fund (the "CRF"). The CRF is the retirement system for New York State and many local government employees. Most recently valued at approximately \$124.8 billion, the CRF is by far the single largest monetary fund in State government and the third-largest public employee pension fund in the country. The New York State Comptroller ("State Comptroller") is designated by the legislature as the

sole trustee responsible for faithfully managing and investing the CRF for the exclusive benefit of over one million current and former State employees and retirees.

4. The State Comptroller is a statewide elected official and is the State's chief fiscal officer. The State Comptroller is the sole trustee of the CRF, but typically appoints a Chief Investment Officer and other investment staff members who are vested with authority to make investment decisions. The State Comptroller, the Chief Investment Officer and CRF investment staff members owe fiduciary duties and other duties to the CRF and its members and beneficiaries.

5. Placement agents and other third parties who are engaged in the business of effecting securities transactions are required to be licensed and affiliated with broker-dealers regulated by an entity now known as the Financial Industry Regulatory Authority ("FINRA"). *See* § 3(a)(4) and § 15(b) of the Securities Exchange Act of 1934. To obtain such licenses, the agents are required to pass the "Series 7" or equivalent examination administered by FINRA. In addition, the Martin Act requires that all dealers, brokers, or salesmen (e.g., placement agents) who sell or purchase securities within or from New York State must file broker-dealer registration statements with the Attorney General. *See* GBL § 359-e(3).

III. THE INVESTIGATION

A. The Morris/Loglisci Indictment

6. As a result of the investigation, a grand jury returned a 123-count indictment (the "Indictment") of Henry "Hank" Morris, the chief political officer to Alan Hevesi, who served as Comptroller from January 2003 through December 2006, and David Loglisci, the CRF's Director of Alternative Investments and then Chief Investment Officer during the Hevesi administration. The Indictment charges Morris and Loglisci with enterprise corruption and multiple violations of the Martin Act, money laundering, grand larceny, falsifying business records, offering a false instrument for filing, receiving a reward for official misconduct, bribery, rewarding official misconduct and related offenses.

7. The Indictment alleges that Morris, the chief political advisor to Hevesi, and Loglisci, joined forces in a plot to sell access to billions of taxpayer and pension dollars in exchange for millions of dollars in political and personal gain. Morris steered to himself and certain associates an array of investment deals from which he drew tens of millions of dollars in so-called placement fees. He also used his unlawful power over the pension fund to extract vast amounts of political contributions for the Comptroller's re-election campaign from those doing business and seeking to do business with the CRF. Loglisci pleaded guilty to a Martin Act felony in March 2010. Morris pleaded guilty to a Martin Act felony in November 2010.

8. This Assurance is unrelated to the securities transactions charged in the Morris/Loglisci Indictment.

B. Unlicensed Agents

9. Separately, the investigation revealed that forty to fifty percent of the agents receiving placement fees for obtaining investments from the CRF and NYC Pension Funds were unlicensed agents. As a result of this finding, the Attorney General issued subpoenas to over 100 investment firms and their agents in May 2009 targeting the use of unlicensed agents.

IV. FINDINGS AS TO PLA

Overview

10. Lynch and PLA had repeated interactions with OSC as a lobbyist and with respect to pension fund matters, and the Attorney General states that in these interactions, Lynch and PLA violated rules and regulations. As set forth below, during 2007, through LW Strategies, Lynch obtained a share of placement fees in connection with an investment by two New York City pension funds. Lynch did not have a securities license and was not affiliated with a broker-dealer.

11. During Hevesi's tenure as New York State Comptroller, Lynch made two unsuccessful efforts to introduce investments to the CRF on behalf of PLA lobbying clients. Lynch did not have a securities license and was not affiliated with a broker-dealer.

12. On one occasion, on behalf of another PLA lobbying client, Lynch successfully persuaded CRF to retain an investment then under review.

13. Also during Hevesi's tenure, Lynch assisted the daughter of the CRF Chief of Staff's girlfriend by introducing her to a PLA client then lobbying the CRF, for the purpose of seeking to obtain a consulting contract, and by providing the daughter with travel expenses.

14. Lynch contributed, committed to contribute, and bundled contributions to the Hevesi campaign amounts totaling in the tens of thousands of dollars per year. PLA clients also contributed thousands of dollars to campaigns for Hevesi and his son.

15. During Hevesi's tenure, Lynch had preferred access to high-level staff at OSC, meeting at least several times per year with the Comptroller, the Chief of Staff, and/or the First Deputy Comptroller in connection with PLA business.

GF Capital

16. On January 8, 2007, Lynch's partner in LW Strategies (the "LW partner") signed an agreement with GF Capital Management & Advisors, LLC ("GF Capital") under which GF Capital would compensate him for advisory services rendered in connection with an aggregate \$13,000,000 in investments by the New York City Police and Fire pension funds in GF Capital Private Equity GP, LLC. Pursuant to this agreement, GF Capital agreed to pay the LW partner an amount equal to 20 percent of the compensation (including management fees and carried interest) received by GF Capital Private Equity GP, LLC in connection with the New York City Police and Fire pension fund investments. GF Capital was to make these payments on an annual basis, within 30 days of its having received compensation from the New York City Police and Fire pension funds. The LW partner was not licensed as a placement agent or securities broker, nor did he include these activities on his New York State or New York City lobbying disclosure forms.

17. On behalf of GF Capital, the LW partner contacted and met with members of the New York City Office of the Comptroller. The LW partner arranged and attended a meeting between GF Capital and New York City Office of the Comptroller

staff, including the New York City Deputy Comptroller for Pensions. Ultimately, the New York City Police Pension Fund and the New York City Fire Pension Fund invested an aggregate of \$13,000,000 in GF Capital Private Equity GP, LLC.

18. As a result of the investments made by the New York City Police and Fire Pension Funds in GF Capital Private Equity GP, LLC, GF Capital paid \$104,000 in fees, half of which the LW partner retained; the remainder was paid to Lynch, who was not licensed as a securities broker or affiliated with a broker-dealer.

Other Pension Fund Activity

19. During July 2003, Lynch met with an investment staff member at CRF for the purpose of seeking to persuade CRF to retain an investment in a venture associated with a client of LW Strategies. CRF retained the investment. During this time, LW Strategies received \$10,000 in monthly lobbying fees from that client.

20. On September 23, 2005, Lynch met with the Chief of Staff at CRF and one or more other persons for the purpose of introducing an investment proposed by another PLA client. In or about December 2005, the CRF declined the proposed investment based on lack of suitability for CRF. PLA received \$10,000 in monthly lobbying fees from that PLA client during this time.

21. During March 2006, Lynch met with an investment staff member at CRF, the Chief Investment Officer of CRF, and the New York State Comptroller for the purpose of seeking \$100 million investment by the CRF in an infrastructure fund managed by a PLA client. The CRF declined to make the investment. During this time, PLA received \$10,000 in monthly lobbying fees from that PLA client.

Lobbying Activity

22. In February 2004, a company (the “company”) retained PLA to lobby various institutional investors, including CRF and other public pension funds, with respect to certain shareholder concerns. During March 2004, Lynch and an officer of the company met with Hevesi and others at the CRF.

23. During April 2004, the Chief of Staff at the CRF asked Lynch for help obtaining employment at the company for his girlfriend’s daughter (the “daughter”), and Lynch asked an officer of the company for such help.

24. During May 2004, the board of directors of the company met with CRF and other public pension funds.

25. During June 2004, an officer of the company made arrangements for the daughter to interview with various employees of the company. After a series of negotiations, the company and the daughter signed a consulting contract to pay the daughter \$12,000 per month for creating products related to the company.

26. In December 2005, Lynch relayed a message to an officer of the company that the Comptroller’s Office had inquired as to why the daughter’s last two checks under the consulting contract had not yet been paid. The company arranged for such payment.

27. In January 2006, Lynch notified an officer of the company that the Comptroller’s office was concerned that the daughter’s contract had not been renewed. The company ultimately renewed the contract.

28. During March 2006, Lynch paid for approximately \$8,500 in travel expenses for the daughter, concerning a business trip the daughter took to Tokyo. This expenditure was apparently styled as an investment in the daughter’s business.

29. During this time, PLA received \$10,000 in monthly lobbying fees from the company.

AGREEMENT

WHEREAS, PLA wishes to resolve the investigation and is willing to abide by the terms of this Agreement set forth below;

WHEREAS, the Attorney General is willing to accept the terms of the Assurance pursuant to New York Executive Law § 63(15), and to discontinue, as described herein, the investigation of PLA;

WHEREAS, the parties believe that the obligations imposed by this Assurance are prudent and appropriate;

IT IS HEREBY UNDERSTOOD AND AGREED, by and between the parties, as follows:

I. BAN

30. In addition to and without limitation to paragraph 33, PLA and employees thereof hereby agree to a total and complete ban on appearing in any capacity before any public pension fund within the State of New York for a period of five years from the date of the execution of the Assurance. The ban applies to all state, local and municipal funds including but not limited to New York State, New York City and NYSTRS. Lynch hereby agrees to the same ban also with respect to appearing before the OSC.

II. PAYMENTS DUE FROM GF CAPITAL

31. Lynch agrees to forgo any future payments due to her in connection with the New York City Police Pension Fund and New York City Fire Pension Fund investments in GF Capital Private Equity GP, LLC.

III. PAYMENT

32. PLA agrees to pay the Office of the Attorney General a total of FIVE HUNDRED THOUSAND DOLLARS (\$500,000) to include the costs of the investigation. Payment shall be made in two annual equal payments of \$250,000 beginning within one year of the signing of this Assurance. Payments shall be made in the form of certified or bank check made out to "State of New York" and mailed or otherwise delivered to: Office of the Attorney General of the State of New York, 120 Broadway, 25th Floor, New York, New York 10271, Attn: Linda Laceywell, Special Counsel.

IV. LICENSING

33. PLA agrees that, prior to engaging in any business effecting securities transactions, PLA will ensure that relevant partners and employees of PLA have obtained all required licenses, have affiliated with a broker-dealer regulated by FINRA, and have filed any broker-dealer registration statements with the Attorney General as required under the Martin Act.

VI. CODE OF CONDUCT

34. The Attorney General and PLA hereby enter into the attached Public Pension Fund Reform Code of Conduct, which is hereby incorporated by reference as if fully set forth herein. PLA agrees to fully abide by the terms of the Code of Conduct as it pertains to PLA.

VII. GENERAL PROVISIONS

35. PLA warrants and represents that it has notified all professionals in the firm of PLA and any affiliated professional organizations of this Assurance. PLA

recognizes that any violation of this Assurance by any director, officer, partner, or employee of PLA, or any of its parents, subsidiaries, and affiliated professional organizations, in each case while affiliated with or employed by PLA, constitutes a breach of this Assurance. PLA admits the jurisdiction of the Attorney General as to the conduct within the State of New York. PLA is committed to complying with relevant laws to include the Martin Act, General Business Law § 349, and Executive Law § 63(12).

36. The Attorney General retains the right under Executive Law § 63(15) to compel compliance with this Assurance. Evidence of a material violation of this Assurance proven in a court of competent jurisdiction shall constitute prima facie proof of a violation of the Martin Act, General Business Law § 349, and/or Executive Law § 63(12) in any civil action or proceeding hereafter commenced by the Attorney General against PLA and any of its present or former predecessors, successors, parents, subsidiaries and affiliates, and any of its directors, officers, partners, or employees.

37. PLA and employees thereof agree that this Assurance is complete, fair, and accurate, and will not, publicly or privately, dispute or disparage any terms, facts, circumstances, or conditions herein. A violation of this provision will be deemed a material breach rendering this Assurance null and void.

38. Should the Attorney General prove in a court of competent jurisdiction that a material breach of this Assurance by PLA has occurred, PLA shall pay to the Attorney General the cost, if any, of such determination and of enforcing this Assurance, including without limitation legal fees, expenses and court costs, subject to court approval.

39. If PLA defaults on any material obligation under this Assurance, the Attorney General may terminate this Assurance, at his sole discretion, upon 10 days written notice to PLA. PLA agrees that any statute of limitations or other time-related defenses applicable to the subject of the Assurance and any claims arising from or relating thereto are tolled from and after the date of this Assurance. In the event of such termination, PLA expressly agrees and acknowledges that this Assurance shall in no way bar or otherwise preclude the Attorney General from commencing, conducting or prosecuting any investigation, action or proceeding, however denominated, related to the Assurance, against PLA, or from using in any way any statements, documents or other materials produced or provided by PLA and prior to or after the date of this Assurance, including, without limitation, such statements, documents or other materials, if any, provided for purposes of settlement negotiations, except as otherwise provided in a written agreement with the Attorney General.

40. Neither this Assurance nor any acts performed or documents executed in furtherance of this Assurance: (a) may be deemed or used as an admission of, or evidence of, any alleged wrongdoing, liability or lack of wrongdoing or liability; or (b) may be deemed or used as an admission of or evidence of any such alleged fault or omission of PLA in any civil, criminal or administrative proceeding in any court, administrative or other tribunal, provided that it may be introduced in an action by the Attorney General to enforce this Assurance or to establish the findings set forth herein. This Assurance shall not confer any rights upon persons or entities who are not a party to this Assurance.

41. PLA shall fully and promptly cooperate in the investigation. Such cooperation shall include, without limitation, and on a best efforts basis:

- a. Production, voluntarily and without service of a subpoena, upon the request of the Attorney General, of all witnesses, documents or other tangible evidence requested by the Attorney General, and any compilations or summaries of information or data that the Attorney General requests that PLA prepares, except to the extent such production would require the disclosure of information protected by the attorney-client and/or work product privileges or other applicable constitutional privileges;
- b. Without the necessity of a subpoena, having PLA attend any Proceedings (as hereinafter defined), arising out of the subject matter of this Assurance, in New York State or elsewhere at which the presence of PLA or Lynch is requested by the Attorney General and having PLA answer any and all related inquiries that may be put by the Attorney General to PLA at any proceedings or otherwise except to the extent that answering would require the disclosure of information protected by the attorney-client and/or work product privileges or other applicable constitutional privileges; "Proceedings" include, but are not limited to, any meetings, interviews, depositions, hearings, trials, grand jury proceedings or other proceedings;
- c. Fully, fairly and truthfully disclosing all information and producing all records and other evidence in PLA's possession, custody or control relevant to all inquiries made by the Attorney General concerning the subject matter of the Assurance, except to the extent such inquiries call for the disclosure of information protected by the attorney-client and/or work product privileges or other applicable constitutional privileges; and
- d. Making outside counsel reasonably available to provide comprehensive presentations concerning any internal investigation relating to all matters in the Assurance and to answer questions, except to the extent such presentations call for the disclosure of information protected by the attorney-client and/or work product privileges or other applicable constitutional privileges.

42. In the event PLA fails to comply with paragraph 41 of the Assurance, the Attorney General shall be entitled to specific performance, in addition to other available remedies.

43. The Attorney General has agreed to the terms of this Assurance based on, among other things, the representations made to the Attorney General and his staff by PLA, its counsel, and the Attorney General's investigation. To the extent that

representations made by PLA or its counsel are later found to be materially incomplete or inaccurate, this Assurance is voidable by the Attorney General in his sole discretion.

44. PLA shall, upon request by the Attorney General, provide all documentation and information reasonably necessary for the Attorney General to verify compliance with this Assurance.

45. All notices, reports, requests, and other communications to any party pursuant to this Assurance shall be in writing and shall be directed as follows:

If to PLA:

Abbe D. Lowell, Esq.
McDermott Will & Emery LLP
600 13th Street, N.W.
Washington, D.C. 20005-3096

If to the Attorney General:

Office of the Attorney General of the State of New York
120 Broadway, 25th Floor
New York, New York 10271
Attn: Linda Lacewell

46. This Assurance and any dispute related thereto shall be governed by the laws of the State of New York without regard to any conflicts of laws principles.

47. PLA consents to the jurisdiction of the Attorney General in any proceeding or action to enforce this Assurance.

48. PLA agrees not to take any action or to make or cause to be made, or to permit any director, officer, partner, or employee of PLA, or any of its parents, subsidiaries, and affiliated professional organizations to make, any public statement denying, directly or indirectly, any finding in this Assurance or creating the impression that this Assurance is without factual basis. Nothing in this paragraph affects PLA's: (a)

testimonial obligations; or (b) right to take legal or factual positions in litigation or other legal proceedings to which the Attorney General is not a party.

49. This Assurance may not be amended except by an instrument in writing signed on behalf of the parties to this Assurance.

50. This Assurance constitutes the entire agreement between the Attorney General and PLA and supersedes any prior communication, understanding or agreement, whether written or oral, concerning the subject matter of this Assurance. No representation, inducement, promise, understanding, condition or warranty not set forth in this Assurance has been relied upon by any party to this Assurance.

51. In the event that one or more provisions contained in this Assurance shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.

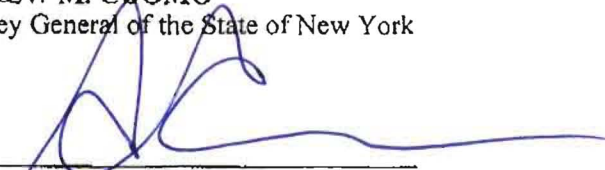
52. This Assurance may be executed in one or more counterparts, and shall become effective when such counterparts have been signed by each of the parties hereto.

53. Upon execution by the parties to this Assurance, the Attorney General agrees to terminate, pursuant to Executive Law § 63(15), this investigation as and against PLA and Patricia Lynch, individually, and as a partner of PLA and LW Strategies, LLC, with respect to the matters described in this Assurance.

54. Any payments and all correspondence related to this Assurance must reference Investigation No. 10-154.

WHEREFORE, the following signatures are affixed hereto on the dates set forth below.

ANDREW M. CUOMO
Attorney General of the State of New York

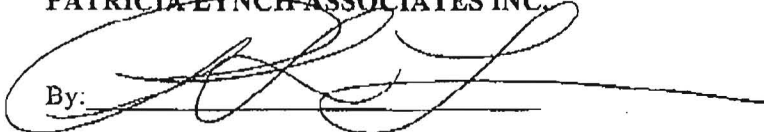
By: 

Andrew M. Cuomo

120 Broadway
25th Floor
New York, New York 10271
(212) 416-6199

Dated: December __, 2010

PATRICIA LYNCH ASSOCIATES INC.

By: 

Dated: December 7, 2010

PUBLIC PENSION FUND REFORM CODE OF CONDUCT

In response to the New York Attorney General's investigation revealing widespread corruption in public pension fund management and the recent national crisis of public corruption involving widespread misuse of placement agents, lobbyists and other politically-connected intermediaries to improperly gain access to and influence the investment decision-making of state and local Public Pension Fund trustees, this Code of Conduct establishes a new, higher level of transparency and accountability for investment firms that seek to attract investment and Investment Management Services business from Public Pension Funds.

The Investment Firm acknowledges that the assets of all Public Pension Funds must be invested and managed for the sole and exclusive benefit of Public Pension Fund beneficiaries in accordance with the strictest fiduciary and public integrity standards. Accordingly, in addition to all applicable federal, state and local laws, rules and regulations that govern investment firms seeking to attract investment from or provide Investment Management Services to Public Pension Funds, the Investment Firm hereby agrees to implement this Code of Conduct to govern its future conduct in connection with all of its transactions with Public Pension Funds located in the United States.

The Public Pension Fund Reform Code of Conduct accomplishes the following:

- A. A Ban on Placement Agents and Lobbyists:** The Investment Firm is prohibited from using third-party intermediaries to influence the investment decision-making process at Public Pension Funds;
- B. A Ban on Campaign Contributions to Avoid Pay to Play:** The Investment Firm, its principals, agents, employees and their immediate family members are prohibited from making campaign contributions above \$300 to Officials of Public Pension Funds that the Investment Firm is soliciting for business or which have an investment in an Investment Firm's Sponsored Fund;
- C. Increased Transparency Through Disclosure:** The Investment Firm is required to disclose information necessary to make the interactions between the Investment Firms and the Public Pension Funds from which they seek business more transparent. The Code of Conduct will require disclosure of information relating to campaign contributions, investment fund personnel and payments to third-parties;
- D. A Higher Standard of Conduct In Connection With Public Pension Fund Business:** The Investment Firm is held to a higher, fiduciary standard of conduct with regard to its interactions with Public Pension Fund Officials and Public Pension Fund Advisors and is prohibited from, among other things, engaging in "revolving door" employment practices, misusing

confidential information, and providing improper gifts to employees of Public Pension Funds; and

- E. **Strengthened Conflicts of Interest Policies:** The Investment Firm is required to promptly disclose any conflicts of interest, whether actual or apparent, to Public Pension Fund Officials or law enforcement authorities where appropriate.

PLACEMENT AGENTS AND LOBBYISTS PROHIBITED

1. No Placement Agents or Lobbyists. The Investment Firm shall not directly or indirectly hire, engage, utilize, retain or compensate any person or entity, including but not limited to any Placement Agent, Lobbyist, Solicitor, intermediary or consultant, to directly or indirectly communicate for any purpose with any Official, Public Pension Fund Official, Public Pension Fund Advisor, or other Public Pension Fund fiduciary or employee in connection with any transaction or investment between the Investment Firm and a Public Pension Fund, including but not limited to (a) introducing, finding, referring, facilitating, arranging, expediting, fostering or establishing a relationship with, or obtaining access to the Public Pension Fund, (b) soliciting an investment or Investment Management Services business from the Public Pension Fund, or (c) influencing or attempting to influence the outcome of any investment or other financial decision by a Public Pension Fund,.
2. Exception: Paragraph 1 shall not apply to: (a) any partner, Executive Officer, director or bona fide Employee of the Investment Firm who is acting within the scope of his or her standard professional duties on behalf of the Investment Firm, (b) any person or entity whose sole basis of compensation from the Investment Firm is the actual provision of legal, accounting, engineering, real estate or other

professional advice, services or assistance that is unrelated to any solicitation, introduction, finding, or referral of clients to the Investment Firm or the brokering, fostering, establishing or maintaining a relationship between the Investment Firm and a Public Pension Fund, or (c) lobbying of a government or legislature on issues unrelated to investment or other financial decisions by a Public Pension Fund, Public Pension Fund Officials or Public Pension Fund Advisors.

LIMITATION ON CAMPAIGN CONTRIBUTIONS

3. No Campaign Contributions or Solicitations: It shall be a violation of this Code of Conduct:
- (a) For the Investment Firm to accept, manage or retain an investment from, or provide Investment Management Services to, a Public Pension Fund within two years after a Contribution to an Official or Public Pension Fund Official is made by:
 - (i) The Investment Firm;
 - (ii) Any Related Party or Relative of a Related Party (including a person who becomes a Related Party within two years after a contribution to an Official or Public Pension Fund Official); or
 - (iii) Any political party to aid an Official or Public Pension Fund Official, or political action committee controlled by the Investment Firm, Related Party, or Relative of a Related Party of the Investment Firm; and
 - (b) For the Investment Firm, Related Party, or Relative of a Related Party:
 - (i) To solicit any person or political party or political action committee to make, solicit or coordinate any Contribution to an Official or Public Pension Fund Official of a Public Pension Fund from which the Investment Firm has accepted an investment or to which the Investment Firm is currently providing or seeking to provide Investment Management Services for compensation; or

- (ii) To do anything indirectly which, if done directly, would result in a violation of this section.
 - (c) Exception. Paragraph (3)(a) of this section does not apply to Contributions made by a Related Party or Relative of a Related Party to an Official or Public Pension Fund Official for whom the Related Party or Relative of a Related Party was entitled to vote at the time of the Contribution and that in the aggregate do not exceed \$300 from each person or entity to any one Official or Public Pension Fund Official, per election.
- 4. Exception: Any Contribution or solicitation of a Contribution made 14 days prior to the effective date of this Code of Conduct is exempt from the prohibitions contained in paragraph 3.
- 5. Internal Procedures: Within 90 days, the Investment Firm shall adopt internal written procedures to monitor and ensure compliance with paragraph 3 and provide a copy of those procedures to the Office of the New York Attorney General (the "OAG").
- 6. Enforcement: In the documentation of an investment by a Public Pension Fund in the Investment Firm, the Investment Firm will certify to the Public Pension Fund that to its knowledge after due inquiry it is in compliance with paragraph 3 of this Code of Conduct and that it will comply with paragraph 3 during the term of such investment.

DISCLOSURES

- 7. Disclosure of Political Contributions:
 - (a) As soon as practicable prior to the closing of an investment or engagement to provide Investment Management Services for compensation to a Public Pension Fund, the Investment Firm shall disclose all Contributions by the

Investment Firm, Executive Officers, Relatives of Executive Officers, investor relations personnel of the Investment Firm, and any other Investment Firm personnel primarily responsible for communicating with, or responsible for soliciting, the Public Pension Fund, in the previous two calendar years in any amount made to or on behalf of any Official, Public Pension Fund Official, fiduciary of the Public Pension Fund, political party, state or county political committee, political action committee or candidate for state or federal elected office.

- (b) During the term of an investment or engagement to provide Investment Management Services for compensation to a Public Pension Fund, the Investment Firm shall by January 31, disclose all Contributions made pursuant to paragraph 3(c) above in the prior calendar year, regardless of amount, made to or on behalf of any Official, Public Pension Fund Official, fiduciary of the Public Pension Fund, political party, state or county political committee, political action committee or candidate for state or federal elected office.
- (c) For all such Contributions, the Investment Firm shall disclose:
 - (i) The name and address of the contributor and the connection to the Investment Firm;
 - (ii) The name and title of each person receiving the contribution and the office or position for which her or she is a candidate;
 - (iii) The amount of the contribution; and
 - (iv) The date of the contribution.

8. Disclosure of Investment Fund Personnel

The Investment Firm shall, 15 days or as soon as practicable prior to the closing of any investment with, or engagement to provide Investment Management Services to, a Public Pension Fund, and semi-annually by the last day of July and January during the term of such engagement, disclose the following information to the Public Pension Fund regarding Executive Officers, investor relations personnel of the Investment Firm, and any other Investment Firm personnel primarily responsible for communicating with, or responsible for soliciting, with the Public Pension Fund, Public Pension Fund Advisors, Public Pension Fund Officials or other Public Pension Fund fiduciaries or employees:

- (a) The names and titles for each person at the Investment Firm, other than administrative personnel, whose standard professional duties include contact with the Public Pension Fund, Public Pension Fund Officials, Public Pension Fund Advisors or other Public Pension Fund fiduciaries or employees. If any such person is a current or former Official, Public Pension Fund Official, Public Pension Fund Advisor, or Public Pension Plan fiduciary or employee, advisor, or a Relative of any such person, that must be specifically noted. Upon the Public Pension Fund's request, the Investment Firm will provide the resume, of any professional employee on that list, detailing the person's education, professional designations, regulatory licenses and investment and work experience.
- (b) A description of the responsibilities of each person at the Investment Firm with respect to the transaction;
- (c) Whether each person has been registered as a Lobbyist with any state or the federal government in the past two years;
- (d) An update of any changes to any of the information included in the disclosure will be included in the next semi-annual report; and
- (f) A certification of the accuracy of the information included in the semi-annual disclosures.

9. Disclosure of All Third-Party Compensation: The Investment Firm shall provide, 15 days or as soon as practicable prior to the closing of any investment by or engagement to provide Investment Management Services to a Public Pension Fund, the names and addresses of all third parties that the Investment Firm compensated in any way (including without limitation any fees, commissions, and retainers paid by the Investment Firm to such third parties) and the amounts of such compensation paid in connection with the investment or transaction with the Public Pension Fund, including but not limited to all fees paid by the Investment Firm, Sponsored Fund, and Related Parties for legal, government relations, public relations, real estate or other professional advice, services or assistance. The Investment Firm shall update all disclosed information in the first semi-annual following the closing of such investment or engagement.
10. Publication of Investment Firm Disclosures: On a semi-annual basis, the Investment Firm shall publish all disclosures and certifications required by this Code of Conduct on the Investment Firm's website. The Investment Firm consents to publication of the disclosures and certifications on the OAG website or other website designated by the OAG.
11. Affirmative Representation to the Pension Fund: In its disclosures to a Public Pension Fund in connection with an investment in the Investment Firm or contract for Investment Management Services, the Investment Firm will certify that all the provisions of this Code are in full force and effect and that it is in compliance therewith.

STANDARDS OF CONDUCT

12. No “Revolving Door” Employment. The Investment Firm is prohibited from employing or compensating in any way any Public Pension Fund Official, employee or fiduciary of a Public Pension Fund for two years after termination of such person’s relationship with the Public Pension Fund unless such person will have no contact with or provide services to his or her former Public Pension Fund.
13. No Relationships. The Investment Firm and Related Parties may not have any direct or indirect financial, commercial or business relationship with any Public Pension Fund Official, Public Pension Fund Advisor, employee or fiduciary of a Public Pension Fund, or any Relatives of such persons, unless the Public Pension Fund consents after full disclosure by the Investment Firm.
14. No Contact Policy: Upon the release of any Request for Proposal (RFP), Invitation for Bid (IFB), or comparable procurement vehicle for any investment or Investment Management Services by a Public Pension Fund, the Investment Firm shall not cause or agree that a third party will communicate or interact with the Public Pension Fund, any Public Pension Fund Official, Public Pension Fund Advisor, employee or fiduciary of the Public Pension Fund concerning the subject of the procurement process until the process is completed. Requests for technical clarification regarding the procurement process itself are permissible and must be directed to the Chief Investment Officer or other person designated by the Public Pension Fund. Nothing in this provision shall preclude the Investment Firm from complying with any request for information by the Public Pension Fund during this period.

15. Confidential Information.

- (a) The Investment Firm may not make unauthorized use or disclosure of confidential or sensitive information of a Public Pension Fund acquired as a result of the relationship between the Investment Firm and a Public Pension Fund. The Investment Firm receiving or having access to such sensitive or confidential information must use its best efforts to protect such information and may use such information only for performing the services for which the Investment Firm has been engaged and for legitimate Public Pension Fund or Sponsored Fund business purposes in accordance with the relevant contract or agreement.
- (b) The Investment Firm may not use confidential or sensitive information derived from a relationship with a Public Pension Fund in a manner that might reasonably be expected to diminish the value of such Public Pension Fund's investment or contemplated investment and would provide advantage or gain to the Investment Firm or any third party.
- (c) The foregoing clauses (a) and (b) shall not restrict:
 - (i) disclosure of such information (A) to comply with law, rule or regulation or (B) to respond to inquiries or investigations by governmental or regulatory bodies;
 - (ii) unless otherwise provided for in the governing documents of a Sponsored Fund, disclosure of the Public Pensions Fund's investment in such Sponsored Fund to investors and prospective

investors in connection with their investment or prospective investment therein; and

- (iii) use and disclosure of such information in connection with the activities of a Sponsored Fund permitted or otherwise contemplated by its governing documents.

16. No Gifts. Neither the Investment Firm, a Related Party nor a Relative of a Related Party shall offer or confer any gift having more than a nominal value, whether in the form of money, service, loan, travel, lodging, meals, refreshments, gratuity, entertainment, discount, forbearance or promise, or in any other form, upon any Public Pension Fund Official, employee or fiduciary of a Public Pension Fund, including any Relative of such persons, under circumstances in which it could reasonably be inferred that the gift was intended to influence the person, or could reasonably be expected to influence the person, in the performance of the person's official duties or was intended as a reward for any official action on the person's part.
17. The Investment Firm may not participate in, advise or consult on a specific matter before a Public Pension Fund, other than in connection with an investment in a Sponsored Fund or the investment activities of a Sponsored Fund as provided in the governing documents of such Sponsored Fund, that involves a business, contract, property or investment in which the Investment Firm has a pecuniary interest if it is reasonably foreseeable that action by or on behalf of such Public Pension Fund on that matter would be likely to, directly or indirectly, confer a

benefit on the Investment Firm by reason of the Investment Firm's interest in such business, contract, property or investment.

18. The Investment Firm must observe (1) accounting and operating controls established by law, and (2) with respect to a Public Pension Fund, such Public Pension Fund's regulations and internal rules and policies, including restrictions and prohibitions on the use of such Pension Fund's property for personal or other non-Public Pension Fund purposes, unless otherwise provided for in the governing documents of a Sponsored Fund.

CONFLICTS OF INTEREST

19. Disclosure of Conflicts of Interest. The Investment Firm must promptly disclose any apparent, potential or actual Conflict of Interest in writing to the Public Pension Fund, including without limitation any relationship (without regard to whether the relationship is direct, indirect, personal, private, commercial, or business), if any, between the Investment Firm, a Related Party or a Relative of a Related Party with any Public Pension Fund Official, Public Pension Fund Advisor, employee or any fiduciary of the Public Pension Fund, including any Relative of such persons. Should the Investment Firm or any other person or entity with a duty to disclose a Conflict of Interest reasonably believe that disclosure to the Public Pension Fund would be ineffective to mitigate a Conflict of Interest, the person or entity shall disclose the conflict to the Office of the Attorney General in New York or appropriate law enforcement official in the jurisdiction of the Public Pension Fund.

20. If the Investment Firm is aware, or reasonably should be aware, of an apparent, potential or actual Conflict of Interest, it has a duty not only to disclose that conflict, but to cure it by promptly eliminating it. If the Investment Firm cannot or does not wish to eliminate the conflict, it must terminate its relationship with such Public Pension Fund as promptly as responsibly and legally possible. If the Investment Firm may prudently refrain or withdraw from taking action on a particular Public Pension Fund matter in which a Conflict of Interest exists, the Investment Firm may cure the conflict in that manner provided that
- (a) the conflicted person or entity may be and is effectively separated from influencing the action taken;
 - (b) the action may properly and prudently be taken by others without undue risk to the interests of such Public Pension Fund; and
 - (c) the nature of the conflict is not such that the conflicted person or entity must regularly and consistently withdraw from decisions that are normally his or its responsibility with respect to the services provided to such Public Pension Fund.

The Public Pension Fund's General Counsel, or other person designated by the Public Pension Fund, may determine that the Investment Firm need not take further action to cure a conflict, provided the disclosures by the Investment Firm are deemed sufficient under the circumstances to inform such Public Pension Fund of the nature and extent of any bias and to form a judgment about the credibility or value of the Investment Management Services provided by the Investment Firm. In such event, the Investment Firm may continue to provide such Investment Management Services without taking further action to cure the disclosed conflict.

21. If the Investment Firm is uncertain whether it has or would have an apparent, potential or actual Conflict of Interest under a particular set of circumstances then existing or reasonably anticipated to be likely to occur, the Investment Firm should promptly inform the Public Pension Fund, which shall determine whether an actual conflict exists under the circumstances presented.
22. If the Investment Firm discloses a Conflict of Interest to a Public Pension Fund, it must refrain from providing Investment Management Services concerning any matters affected by the conflict until such Public Pension Fund expressly waives this prohibition or until the conflict of interest is otherwise cured.
23. The Investment Firm is committed to collaborate in good faith with the OAG to adopt appropriate protocols to implement the conflicts of interest principles set forth in Paragraphs 19 through 22.
24. Conflicts of Interests Arising in the Activities by a Sponsored Fund. The Investment Firm shall ensure that the governing documents of each Sponsored Fund in which a Public Pension Fund invests contain provisions for how to address material conflicts of interest between the Investment Firm and the Related Parties on the one hand and the Sponsored Fund on the other hand that may arise out of the investment and other activities of such Sponsored Fund, which provisions shall be disclosed to and agreed to by each Public Pension Fund prior to such Public Pension Fund's investment in a Sponsored Fund. For example, such provisions may provide that the Investment Firm shall disclose any such material conflicts of interest in any transaction, other than those contemplated or otherwise provided for by the governing documents of the relevant Sponsored

Fund, of which it has knowledge to an investor advisory committee composed of third party investors unaffiliated with the Investment Firm, one of the roles of which is to review and approve or disapprove any potential conflicts of interest that are brought before it.

EDUCATION AND TRAINING

25. Dissemination of Code of Conduct. Within one week of the effective date of this Code of Conduct, the Investment Firm shall provide a copy of this Code of Conduct to all of its partners, Executive Officers, directors and Employees and shall publish the Code of Conduct on its internal computer network where it can be accessed by its partners, executive officers, directors and employees.

26. Training. Within 90 days after the effective date of this Code of Conduct, the Investment Firm shall conduct one or more seminars for all of its partners, Executive Officers, directors and Employees who might interact with a Public Pension Fund in the course of their official duties about the requirements described herein. The Investment Firm agrees that it will train all new partners, Executive Officers, directors and Employees who might interact with Public Pension Fund personnel in the course of their official duties. The Investment Firm shall also require annual retraining of all relevant Investment Firm personnel on the provisions of this Code of Conduct and require an annual certification from those personnel attesting to their having completed the annual training.

COMPLIANCE

27. The Investment Firm will file annually a Certificate of Compliance with the terms of this Code of Conduct with respect to all Public Pension Funds with the OAG. The Investment Firm will also send a Certification of Compliance to any other Public Pension Fund that annually requests such certification from the Investment Firm.
28. Upon a Public Pension Fund's request, this Code of Conduct, or any part thereof, shall be incorporated into any subscription material, side letter or equivalent document for each Sponsored Fund. A material violation of this Code of Conduct by the Investment Firm shall be grounds for a Public Pension Fund to (a) withdraw from the Sponsored Fund, (b) be excused from participating in all future portfolio company investments made by the Sponsored Fund in accordance with the governing documents of such Sponsored Fund, which terms shall have been appropriately disclosed to and agreed in writing with the Public Pension Fund prior to its investment in the Sponsored Fund, or (c) seek any other applicable remedies provided for under the rules, regulations, or governing laws of the Public Pension Fund.
29. In addition to any other possible criminal, civil and administrative action, if the Investment Firm's business relationship with a Public Pension Fund is terminated by a Public Pension Fund because of a violation of this Code of Conduct, the Investment Firm may be disqualified from having any further business relationship with such Public Pension Fund for a period of time up to ten years, as solely determined by the Public Pension Fund, commencing from the date of the termination of the contract or business relationship.

30. Jurisdiction. The Investment Firm consents to personal jurisdiction of the state of the Public Pension Fund with respect to any criminal, civil or administrative action or proceeding, including but not limited to compliance with subpoenas from state law enforcement and regulatory authorities, arising from or related to any investment by the Public Pension Fund with the Investment Firm and any contractual relationship between the Investment Firm and the Public Pension Fund.
31. To the extent that a provision of this Code would cause the Investment Firm to violate a statute, rule, regulation or policy governing any particular Public Pension Fund, the Investment Firm and the OAG will confer to resolve the conflict. If the conflict cannot be resolved, the OAG reserves the right to nullify the Assurance of Discontinuance with the Investment Firm and re-open the Investigation if due to this paragraph the Investment Firm cannot materially comply with this Code.
32. Any determinations, disclosures and certifications to be made by the Investment Firm pursuant to this Code of Conduct shall be made to the best of the Investment Firm's knowledge after inquiry based on the Investment Firm's best efforts.

DEFINITIONS

33. "Conflict of Interest" A conflict of interest exists where circumstances create a conflict with the Investment Firm's duty (consistent with fiduciary standards of care) to act solely and exclusively in the best interest of a Public Pension Plan's members and beneficiaries. For example, a conflict of interest exists when the Investment Firm knows or has reason to know that it or a Related Party has a

financial or other interest that is likely to be material to the Investment Firm's evaluation of or advice with respect to a transaction or assignment on behalf of the Public Pension Fund. For the avoidance of doubt, conflicts of interest arising in the activities by a Sponsored Fund shall be governed specifically by Paragraph 24.

34. "Contribution" means any gift, subscription, loan, advance, or deposit of money or anything of value made for:
- (i) The purpose of influencing any election for State or local office;
 - (ii) Payment of debt incurred in connection with any such election; or
 - (iii) Transition or inaugural expenses of the successful candidate for any such election.
35. "Employee" means a person employed directly by the Investment Firm and who would be considered an employee for federal tax purposes. An Employee is not a person who is hired, engaged, utilized or retained by the Investment Firm for the purpose of securing or influencing a particular transaction, investment or decision of a Public Pension Fund, Public Pension Fund Official or Public Pension Fund Advisor or other Pension Fund fiduciaries or employees.
36. "Executive Officer" means the president, any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions, for the Investment Firm.
37. "Government entity" means the state or political subdivision of the state, including:
- (i) Any agency, authority, or instrumentality of the state or a political subdivision;
 - (ii) Plan or pools of assets controlled by the state or a political subdivision or any agency, authority or instrumentality thereof; and

- (iii) Officers, agents, or employees of the state or political subdivision or any agency, authority or instrumentality thereof, acting in their official capacity.
38. “Investment Firm” means the signatory of this Code of Conduct as well as its subsidiaries and any affiliates over which it exercises exclusive control, but shall not include any Sponsored Funds or portfolio companies of Sponsored Funds or any third party investors in any Sponsored Funds.
39. “Investment Management Services” means:
- (a) The business of making or recommending investment management decisions (including making recommendations for the placement or allocation of investment funds) for or on behalf of a Government Entity or Public Pension Plan;
 - (b) The business of advising or managing a separate entity that makes or recommends investment management decisions (including making recommendations for the placement or allocation of investment funds) for or on behalf of a Government Entity or Public Pension Plan; or
 - (c) The provision of any other financial advisory or consultant services to a Government Entity or Public Pension Plan, such as money management or fund management services, investment advice or consulting, and investment support services (including market research, fund accounting, custodial services, and fiduciary advice).
40. “Lobbyist” shall mean any person or organization retained, employed or designated by any client to engage in Lobbying. A Lobbyist does not include a bona fide Employee of the Investment Firm.

41. "Lobbying" shall mean, for the purposes of this Code of Conduct, any attempt to directly or indirectly influence a determination by a (1) Public Pension Fund Official, (2) Official, (3) any fiduciary of a Public Pension Fund, (4) Public Pension Fund Advisor, or (5) any other person or entity working in cooperation with any of the above, related to a procurement of Investment Management Services by a Public Pension Fund, including without limitation a determination by a Public Pension Fund to place an investment with the Investment Firm.
42. "Official" means any person (including any election committee for the person) who was, at the time of a Contribution, an incumbent, candidate or successful candidate:
- (a) For an elective office of a government entity, if the office is directly or indirectly responsible for, or can directly influence the outcome of, the Public Pension Fund's investment with or engagement of the Investment Firm; or
 - (b) For any elective office of a government entity, if the office has authority to appoint any person who is directly or indirectly responsible for, or can directly influence the outcome of, the Public Pension Fund's investment with or engagement of the Investment Firm.

Communication with an Official includes communications with the employees and advisors of such Official.

43. "Placement Agent" means any third-party intermediary that is directly or indirectly hired, engaged, utilized, retained or compensated (regardless of whether upon a fixed, contingent or any other basis) or otherwise given any other tangible or intangible item or benefit having monetary value by the Investment Firm for facilitating the placement of an investment with the Investment Firm. A Placement Agent does not include a bona fide Employee of the Investment Firm or any person whose sole basis of compensation from the Investment Firm is the

actual provision of legal, accounting, engineering, real estate or other professional advice, services or assistance unrelated to soliciting, introducing, finding, or referring clients to the Investment Firm or attempting to influence in any way an existing or potential investment in or business relationship with the Investment Firm.

44. "Public Pension Fund" means any retirement plan established or maintained for its employees (current or former) by the Government of the United States, the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing.
45. "Public Pension Fund Official" means any elected or appointed trustee or other official, staff member or employee whose official duties involve responsibility for a Public Pension Fund.
46. "Public Pension Fund Advisor" means any external firm or individual engaged by a Public Pension Fund to assist in the selection of investments or Investment Management Services for the Public Pension Fund.
47. "Related Party" means any partner, member, executive officer, director or Employee of the Investment Firm or Sponsored Fund, including any agents of such person. Limited partners of a Sponsored Fund or a managed account and portfolio companies are not Related Parties.
48. "Relative" means a person related by blood or affinity (including a domestic partner) who resides in the same household. A person adopted into a family is considered a relative on the same basis as a natural born family member.

49. "Solicitor" means any person or entity who in any way, directly or indirectly, solicits, finds, introduces or refers any client to the Investment Firm, including without limitation any intermediary, consultant, broker, introducer, referrer, finder, public- or government-relations expert, or marketer. A Solicitor does not include any bona fide Employee of the Investment Firm or any person whose sole basis of compensation from the Investment Firm is the actual provision of legal, accounting, engineering, real estate or other professional advice, services or assistance that is unrelated to any solicitation, introduction, finding, or referral of clients to the Investment Firm or the brokering, fostering, establishing or maintaining a relationship between the Investment Firm and a Public Pension Fund.
50. "Sponsored Fund" means an investment fund sponsored, managed or advised by the Investment Firm.