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Codey wants Milgram to root out corporate greed

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Disgusted by the latest example of Wall Street mismanagement, Senate President Richard Codey asked state Attorney General Anne Milgram last week to investigate whether investment firms squandered New Jersey's pension funds on lavish bonuses and perks.

Codey (D-Essex) said he made the request after Bank of America executive John Thain resigned Thursday amid reports he had awarded billions of dollars in bonuses to Merrill Lynch employees when he was that company's CEO. The bonuses were paid just before Bank of America acquired Merrill Lynch, while Bank of America was seeking billions in federal buyout support. Thain also allegedly spent \$1.2 million to redecorate his office after he became Merrill's CEO in 2007.

"I want to know how many Gordon Gekkos are out there," said Codey, referring to the fictional corporate raider who embodied greed in the 1987 film "Wall Street."

State investigators should not let up on investment firms in this era of government bailouts, state investigators Codey said.

"Not only did we invest pension money with these companies which had a fiduciary obligation to ... shareholders, now they have an obligation to every taxpayer in New Jersey and the country."

The state Investment Council disclosed this month the pension fund lost \$17 billion in 2008.

Milgram's spokesman David Wald confirmed Codey and the attorney general spoke Friday, but said the office does not discuss potential litigation.

"The Division of Law and outside counsel are always assessing the potential of class-action suits related to state pension investments," Wald said.

The Attorney General's Office successfully extracted \$73.25 million from Tyco International last year to settle a lawsuit seeking to recoup losses in the state pension portfolio. The 2002 lawsuit accused company executives of insider trading and securities fraud.

The state filed suits to recoup pension losses against Gemstar, a marketer of cable television devices, and Tenet, which operates 113 hospitals, for fraud and manipulation of stock. It also filed complaints against Qwest Communications, Electronic Data Systems and Sears.

Codey speculated investigators would have a lot to mine this go-around.

"If they are going to spend \$1.2 million to furnish an office, and they're also getting bailout money, the next thing they should be looking at is getting bail," Codey added.

Staff writer Maryann Spoto contributed to this report.