



SENT VIA EMAIL ONLY

March 17, 2014

Beth A. Wood, CPA
State Auditor
N.C. Office of the State Auditor
20601 Mail Service Center
Raleigh, NC 27699-0601

**RE: Violations of Law Related to State Treasurer's Failure to Disclose
Pension Fees to General Assembly**

Dear Auditor Wood,

In connection with my continuing forensic investigation of the state retirement system on behalf of the State Employees Association of North Carolina, I have discovered hundreds of millions in hidden fees paid directly and indirectly to Wall Street money managers and intermediaries—fees Treasurer Janet Cowell is failing to report as required by law.

In my opinion, Treasurer Cowell is in violation of NCGS 147-69.2(b)(10a) which requires the Treasurer to disclose (in her quarterly reports to the NC General Assembly) all direct and indirect placement fees, asset fees, performance fees, and any other money management fees incurred by the State.

Reports from Treasurer Cowell to the General Assembly have failed to disclose hundreds of millions of these fees related to the \$86 billion retirement fund.

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Worse still, when notified of her failure to provide disclosure in compliance with such applicable state law, the Treasurer did not dispute the undisclosed fees, but responded that as long as the state's fee-disclosure is "on par with industry norms,"¹ it is adequate—that is, even if it violates North Carolina law.

I ask that your office immediately investigate the Treasurer's failure to comply with NCGS 147-69.2(b)(10a) and compel the Treasurer to disclose all direct and indirect fees, as required by North Carolina law.

Thank you for your attention to this matter.

Edward Siedle

President

¹ NC pension fund fees criticized by SEANC consultant, newobserver.com, March 4, 2014.