



Press Release

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FOR IMMEDIATE RELEASE:

FOUR STRS BOARD MEMBERS CONVICTED OF ETHICS CHARGES

On Tuesday, September 19, 2006, Franklin County Municipal Court Judge Scott VanDerKarr sentenced four former State Teachers Retirement System (STRS) Board Members to one year probation and 30 to 60 hours community service for Ethics Law conflict of interest violations for their acceptance of entertainment paid for by an investment advisor to STRS. Pursuant to plea agreements entered into by each defendant with the Columbus City Attorney's Office and the Ethics Commission, and in return for the dismissal of other charges, Judge VanDerKarr also ordered defendants to pay court costs, and as restitution, to pay the costs of the entertainment to STRS.

The specific violations alleged the acceptance of \$275 tickets by STRS Board Members and, in some cases, their spouses, from the Frank Russell Corporation/Russell Real Estate Advisors, for a May 6, 2003, New York City Broadway Musical show of "Hairspray," that they attended while on an STRS Board-arranged tour of investment properties in New York. An STRS itinerary sent to the members in advance identified that Russell was hosting the Hairspray event. Dismissed charges included the non-disclosure of this entertainment. The charges resulted from an Ohio Ethics Commission investigation initially referred to the Columbus City Attorney's Office on April 28, 2005. The Commission's investigation found that these Board Members received multiple meals, gifts, and entertainment allegedly valued at over \$5000 from investment firms managing and/or advising on STRS investments during the course of several years, while the charges that were filed represented specific examples of wrongdoing.

Three Board Members were ordered to perform 60 hours community service, pay fines and costs of \$250, and also pay the costs of the tickets they accepted, \$275, to STRS as restitution. A fourth member, who had already repaid to Frank Russell the cost of the two tickets they received, was ordered to perform 30 hours community service and just pay fines

and costs of \$250.

The ethics conflict of interest charges were first degree misdemeanors, punishable by a maximum penalty of up to a \$1,000 fine and/or six months in jail. The Ethics Law prohibits public officials and employees from accepting substantial things of value from entities doing or seeking to do business with, or regulated by, or having interests before, their public entities.

To date, three other STRS officials have been convicted of ethics violations as a result of the investigation by the Commission and the Columbus City Attorney's Office. Former Board Member Jack Chapman was convicted and sentenced on three Conflict of Interest counts on June 20, 2006. Former Board Member Hazel Sidaway was convicted of two Conflict of Interest counts, after a jury trial, and was sentenced on May 11, 2006. Former Executive Director Herb Dyer was charged with four Conflict of Interest counts on August 2, 2005, and on September 1, 2005, in a plea bargain, Dyer pleaded no contest and was convicted of one of those charges, Filing a False Disclosure Statement.

Although these charges bring to an end the prosecution of former STRS Board Members, the Prosecutor has indicated that the investigation into the conduct of senior STRS employees continues.