



## Revised CalPERS Talking Points 9/6/17

### Detailed Talking Points

- CalPERS is paying millions to a private equity fund manager for an underperforming investment in one of Trump's shadiest real estate deals, the Trump SoHo.
  - CIM Fund III has admitted that "the Trump SoHo performance is substantially below its competitive set."
  - Trump SoHo has been at the [center of fraud charges, money laundering allegations](#), and is [now a target of Special Counsel Robert Mueller's investigation](#) into Trump-Russia collusion.
  - Felix Sater, [one of the co-developers of Trump SoHo, had a history of fraud and corruption](#) and is at the center of the Trump-Russia investigation with the recent revelation that he offered to [secure Putin's support for Trump's presidential candidacy](#).
- CalPERS' private equity investments have been a lightning rod for corruption and controversy.
  - A [scandal engulfed the former CEO of CalPERS](#), Fred Buenrostro for pay-to-play schemes involving placement fees for private equity investments.
  - CIM Group, the parent of CIM Fund III, [was one of the firms caught up in that scandal](#).

- Performance fees to external managers was the largest expense for CalPERS in 2015 [with \\$490 million going to performance fees for private equity managers](#).
- CalPERS payments to CIM Fund III are violating the U.S. Constitution and enabling the most corrupt president in our history.
  - CalPERS has paid between \$6-9 million in fees to CIM Fund III each year from 2013-2016. Since January 2017, CalPERS has paid at least \$1.7 million to CIM Fund III.
  - CIM Fund III paid \$3.16 million to the Trump Organization in 2015 to manage and market the Trump SoHo and continues to make payments to the Trump Organization.
  - Trump can and has been accessing these funds according to his financial disclosures.
  - State pension funds are being funneled directly into Trump's pockets under this arrangement, and that violates the Domestic Emoluments Clause of the U.S. Constitution.
- CalPERS can and should take action to protect its members from this toxic investment.
  - CalPERS has a legal duty to comply with the laws of the state of California and the Constitution of the United States as established by Section 20190 of the California Government Code.
  - CalPERS is also required by law to invest with "the care skill prudence, and diligence" that a prudent person would use according to Section 20151 of the California Government Code;
  - CalPERS claims that it has no ability to protect its members from this corruption because it is a limited partner in the investment, but even limited partners have rights, especially when an investment is violating the law.

### Condensed Talking Points

- CalPERS is paying millions to a private equity fund manager for an underperforming investment in one of Trump's shadiest real estate deals, the Trump SoHo.
- CalPERS' private equity investments have been a lightning rod for corruption and controversy.

- CalPERS payments to CIM Fund III are violating the U.S. Constitution and enabling the most corrupt president in our history.
- CalPERS can and should take action to protect its members from this toxic investment.
  - Free Speech For People laid out 5 concrete steps CalPERS can take immediately:
    1. Request and disclose a full accounting of the performance and management fees that CalPERS has paid to CIM Fund III from November 9, 2016 to the present, including the purpose and nature of the fees.
    2. Request and disclose a full accounting of the payments that CIM Fund III has made to Trump International Hotels Management LLC from January 20, 2017 to the present, including whether CIM Fund III used any performance and management fees to make those payments.
    3. Request that CIM Fund III cooperate fully with any investigative requests from Special Counsel Mueller with respect to the suspicions of the use of Trump SoHo for ongoing money laundering.
    4. Request that CIM Fund III provide an accounting of the potential losses or gains that would result from liquidation of Trump SoHo from the fund.
    5. Provide an analysis of the implications of (a) divesting from CIM Fund III, (b) having CIM Fund III liquidate Trump SoHo, and (c) having CIM Fund III terminate its arrangement with Trump International Hotels Management LLC to manage and market Trump SoHo.

**For more information, visit [CADivestTrumpSoHo.org](http://CADivestTrumpSoHo.org).**