



# Former Ohio AG Dann asks Ohio Supreme Court to force OPERS to release info on troublesome investments

*Former Ohio AG Dann and investigative reporter are concerned that corruption has crept into the retirement system investment process*

CLEVELAND, OHIO, UNITED STATES, February 15, 2019 /EINPresswire.com/ -- In a pleading filed on Wednesday, February 13, former Ohio Attorney General Marc Dann asked the Ohio Supreme Court to order the release of documents related to the Ohio Public Employee Retirement Systems (OPERS) \$300,000,000 investment in hedge funds managed by Glouston Capital Partners, LLC. Dann is seeking a Writ of Mandamus from the Court because OPERS and Glouston have repeatedly refused to comply with public records requests submitted by investigative journalist John Damschroder.

The pleading and documents may be viewed by following the links below:<http://www.dannlaw.com/wp-content/uploads/2019/02/Damschroder-John-2019-02-11-Affidavit-of-John-Damschroder.pdf>

<http://www.dannlaw.com/wp-content/uploads/2019/02/Damschroder-John-2019-02-12-Memorandum-in-Support-of-Mandamus-2.pdf>

<http://www.dannlaw.com/wp-content/uploads/2019/02/Damschroder-John-2019-02-13-Complaint-Mandamus-With-Exhibits.pdf>

Damschroder, whose interest in the funds was spurred by reports of the high costs and low returns associated with the state's hedge fund investments, began filing public records requests with OPERS in June of 2018. Pension system officials were slow to comply and the materials they did provide were heavily redacted including those related to Glouston-controlled single-investor funds Ohio Midwest 1, Ohio Midwest II, Ohio Midwest III and Equity Opportunities. Glouston claimed the redactions were justified because they either involved trade secrets or were protected by confidentiality agreements between the firm and OPERS.

Unsatisfied with Glouston's response, especially because some of the redacted information was posted on the company's website and there was no evidence that the confidentiality agreements the firm referenced actually existed, Damschroder resubmitted his public records request on November 15, 2018. Neither OPERS nor Glouston has responded.

In the meantime, Damschroder became concerned that corruption had crept into the investment process when he learned that the Securities and Exchange Commission imposed a \$100,000 fine on an Ohio fund manager for violations of the SEC's "pay-to-play" rules. The Commission noted that persons associated with the fund had made campaign contributions of nearly \$50,000 to Ohio's Governor, Treasurer, and candidates for governor. The SEC Order also noted that the Governor and Treasurer were involved in the decision-making process for the investment of Ohio public pension monies.

The unjustified refusal to turn over public documents combined with the existence of possible corruption motivated Damschroder to reach out to former AG Dann. Ironically, both Dann and

Damschroder played key roles in unraveling the Coingate scandal that rocked Ohio government in 2005 and 2006. At that time, the Ohio Bureau of Workers' Compensation refused to release records related to the BWC's decision to invest more than \$50,000,000 in a rare coin fund managed by Republican Party official and major donor Tom Noe.

Eventually, the Ohio Supreme Court ordered the BWC to turn over the documents which revealed a web of corruption that sent Noe to federal prison, cost a number of state employees their jobs, and led to Bob Taft becoming the only governor in Ohio history to plead guilty to crimes while in office. Dann is seeking the Writ of Mandamus on the basis of the Court's decision in the Coingate case.

Both Dann and Damschroder are concerned about the parallels between the Coingate affair and the Glouston-managed hedge funds—a concern intensified by the fact that Glouston has invested money in Drive Capital, a private equity fund co-founded by Mark Kvamme, a venture capitalist who is close to former Gov. John Kasich. Kasich recruited Kvamme to move from California to run JobsOhio in 2011, a position he left a year later.

“You would have to be blind to miss the similarities between the two situations,” Dann said. “Any time a government agency works this hard to keep secrets you just have to wonder what they have to hide. Maybe it's nothing, maybe it's something, but the public has a right to know and we're going to fight to protect that right.”

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