

## **Lieutenant Ted Gold, SF Fire Department (Retired)\***

***I hereby authorize you, Herb Meiberger, to post this to your website.***

***My endorsement for your election to the SFERS board follows:***

Hello.

A few of you knew me but most of you don't. I'm a retired firefighter with 30 years service who retired in 1994 with a considerable interest in my SFERS pension's health. The current election for a seat on SFERS board is unfortunate and reflects dark insinuations and misinformation put out by the challenger's campaign similar to what we've had to endure from both sides in the last presidential election. Because of the SFERS vote, I've gotten e-mails, glossy color pamphlets through postal mail and even a phone call at home from someone who didn't have my phone number until Joe Driscoll looked it up in retirement board records and gave it to him asking him to call me. Let me simplify this whole issue for you. It's not about people. Rather, it's about votes.

Specifically, this SFERS election is all about HEDGE FUNDS and whether or not the Chief Investment Manager (Bill Coaker) will be permitted to invest even more of our pension money in them by obtaining a sufficient number of affirmative votes from board members that WE (both active and retired) ELECT to represent us and PROTECT our pensions. THAT'S IT. Currently, there are three members of the board (Stansbury, Driscoll, and Paskin-Jordan) who are pushing to unseat Herb Meiberger, a long time opponent of hedge funds. If they succeed by getting another candidate to take Meiberger's seat at the table (they've selected retired cop Al Casciato to run against him), there will be enough "yes" votes on the board to put more of our money into those funds. So far, Herb Meiberger is the ONLY one who has stood up for us and consistently voted NO on our behalf.

Casciato was chosen because he will vote yes. That's what this election is all about! Period!

A little background here. First, you should do a little research yourself and try to learn exactly what a hedge fund is if you don't already know (few do). I suggest you click or "command-click" (for MAC users) on this link or cut and paste it into your browser, [https://en.wikipedia.org/wiki/Hedge\\_fund](https://en.wikipedia.org/wiki/Hedge_fund) to learn more about them.

When there, make sure you scroll down to "Fees paid to hedge funds". You'll then see that those who really make money from them are the managers of the funds, not necessarily the investors (in our case, SFERS pension dollars). A general rule is the "2 and 20". We would have to pay a yearly fee of at least 2% of the amount we invest and at least 20% of our profits (if any). In this case we would need to make 2% just to STAY EVEN. If there are losses for the year, WE absorb ALL the losses, NOT the fund managers, and that should tell you why so many of them are billionaires. They can't lose. Only we can. Some funds charge more than 2% and some even take up to 50% of any profit believe it or not. When asked by Herb Meiberger exactly who the managers and funds were for the money we have already

invested (AGAINST our overwhelming wishes (95% against) in an online vote in 2014), Coaker REFUSED to divulge that information to him claiming it was “privileged information”. That’s NOT transparency regarding OUR money! What and why is he afraid of our finding out? The cost? Their performance? Aren’t we entitled to know how our money is being invested and with whom? Are you starting to smell something rotten?

Hedge funds are NOT a traditional mutual fund whose dealings are regulated by the Securities and Exchange Commission (SEC). Most hedge funds are registered in the Cayman Islands where their activities are not easily watched by our government and regulation is virtually a myth. That should tell you something right there.

Hedge funds promise the golden goose of good returns and can, sometimes, outperform mutual funds because they don’t have the same restrictions on investments that mutual funds have. However the lack of restrictions can also result in HUGE LOSSES. Without the oversight required of traditional investments, hedge funds often invest in “alternative investments” such as “derivatives”, “credit swaps” and other risky “opportunities”. Remember the huge financial meltdown several years ago? That’s probably where you first heard the word “derivatives”. There have been several high-profile implosions of hedge funds in recent years due to poor investment decisions and, occasionally, fraud by the fund manager (think Bernie Madoff for example). For a list of his victims, go to: <http://www.businessinsider.com/2008/12/bernie-madoff-hosed-client-list>

Illiquidity is a problem as well. Once in, these funds are not easy to get out of since investors are locked in for a period of time. CALPERS (the California state pension fund MUCH LARGER than ours voted to DIVEST themselves ENTIRELY of hedge funds a couple of years ago for the same reasons I cite here and are still not out.

Please understand that INVESTING IS NOT THE SAME AS GAMBLING, and the law says that those who are legally entitled to invest OTHER people’s money (in this case ours), are required to use more prudence and restraint than when investing their OWN. That is called FIDUCIARY RESPONSIBILITY in legal terms and that’s what we all deserve, nothing less. We are entitled to conservative and responsible investing. When we have a fire, we call a firefighter. When we have a crime, we call a cop. But when we need someone to represent our best interests investing our money, we need someone who is reliable, conservative, knowledgeable, experienced and responsible, to act as a watchdog for our pension funds. DON’T ROLL THE DICE! We want and deserve the best money manager we can find. Nothing less than that is acceptable. Al Casciato was probably a good cop but Herb Meiberger is, and has been, a GREAT money manager who has acted on OUR behalf SUCCESSFULLY for 24 years.

He has proven he takes his fiduciary responsibility seriously, is someone who has extensive formal training and education in investing but, according to Casciato’s own campaign literature, Al has none whatsoever. In Joe Driscoll’s case, Herb Meiberger was his financial teacher in school! Now the student is smarter than the teacher? Give me a break. I don’t know Al Casciato personally or much about him other than that he’s been on the board in the past. And although I’ve talked to Joe Driscoll about hedge funds once before

(unsuccessfully), I really don't know him well. If Stansbury, Casciato and Driscoll were to debate Meiberger on financial matters, I suspect the POA and Firefighters Local 798 would be very embarrassed. As Michael Corleone said to his brother in the movie The Godfather, "It's not personal Sonny, it's strictly business". THIS IS OUR BUSINESS! Especially for all those of us now affected by the City's "100% funded" rule. Beginning to ring a bell?

Wendy Paskin Jordan can benefit personally from SFERS investments in hedge funds by attaching her own company's investments onto them and collect fees (talk about conflict of interest). I don't know but I highly suspect that other "yes" voters will somehow prosper from "perks" as well. Why on earth would anybody in their right mind raise \$185,000 (Casciato's own claim) to get elected to a job on a non-paying board? In Driscoll's case it's possibly just ego. Will "yes" votes be rewarded somehow? Like I suggested before, something is just not right here. Hedge funds are NOT proper investments for pension funds!

Warren Buffett (a gentleman with a somewhat extensive and favorable reputation for investing) agreed with Herb Meiberger that SFERS should ABSOLUTELY NOT invest in hedge funds (see Herb's website for the personal note from Buffet). But Casciato's "yes" vote (along with the team of Stansbury, Driscoll, and Paskin-Jordan) would give CIO Coaker permission to do just that! Don't give these folks permission to gamble with our money.

The purpose of this letter is to help you EDUCATE YOURSELF before you decide on the issue and, if you do, I have no doubt you will GIVE HERB MEIBERGER YOUR WELL EARNED VOTE!

Sincerely,  
**Lieutenant Ted Gold, SF Fire Department (Retired)\***