Ohio Retired Teachers Association to file lawsuit seeking records for ongoing forensic investigation of Ohio State Teachers Retirement System

Through a grassroots donation campaign that began on October 28, 2020, The Ohio Retired Teachers Association (ORTA) engaged Edward Siedle of Benchmark Financial Services to conduct a forensic audit of the $80 billion Ohio State Teachers Retirement System. Mr. Siedle, who is a former SEC attorney and internationally recognized pension expert, has performed over $1 trillion in forensic reviews of public pensions across the United States and regularly uncovers mismanagement and fraud. He has received record-breaking whistleblower awards from federal regulators for assisting government in prosecuting Wall Street wrongdoing. Public pension systems across the U.S. are notorious for paying high fees for risky investments and getting poor performance.

On February 19, 2021, the law office of Marc Dann, Ohio’s former attorney general, submitted a public records request on behalf of Mr. Siedle to STRS requesting records related to the pension’s investment managers, investment consultants, performance compliance auditor, investment cost monitor, financial auditor, custodians, as well as board and staff.

While STRS Ohio has provided hundreds of pages of documents the pension has refused to provide certain key documents about STRS investments in Private Equity and Hedge Funds. Those Documents are critical to Mr. Siedle’s ability to understand the value and appropriateness of such high-risk investments. The records withheld, many of which were withheld at the request of the investment managers themselves are clearly public records and Ohio law requires that such records be provided to the public upon request.

After months of denials of requested information and slow walking the responses, the decision has been made to file a lawsuit to compel transparency.

The lack of cooperation by STRS is even more surprising given that the pension is well-aware that ORTA’s forensic review was commissioned, as well as paid for by participants, with the stated objective of improving management and oversight of the pension. Pension fiduciaries legally required to discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries should welcome an independent review by a nationally recognized expert. Further, given the longstanding, profound fiduciary breaches and disclosure failures that have already been identified at the pension, it is clear STRS can benefit from an independent review by an expert not of its own choosing.

Transparency has ceased to be a priority at STRS but remains of great importance to taxpayers in Ohio as the pension collects money paid by taxpayers through its public pension system. “Knowing how much STRS has invested in each asset and how much those assets are worth is critical to understanding the health of our public pensions,” says Robin Rayfield, ORTA’s Executive Director.

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