



California Corporate & Securities Law

Be Careful What You Say When Breaking Up

July 7, 2011

CalPERS Renews State Street Custody Contract

If you break up with your spouse and then announce to the world that s/he is a liar and a cheat, you can expect to raise a few eyebrows if you later announce that you are renewing your vows. This is akin the situation now being faced by the State of California and its largest retirement system.

In this [story](#), Christopher Condon writes that CalPERS recently signed a contract with State Street Corp. for handling CalPERS' custody work. This wouldn't be unusual except that, as Mr. Condon reports, then California Attorney General Jerry Brown in 2009 filed this [lawsuit](#) and issued this [press release](#) accusing State Street of committing "unconscionable fraud".

According to court filings, the litigation between the State of California and State Street is continuing with ongoing discovery. For example, State Street disclosed in a case management statement filed last month that it had produced 262,928 pages of documents and approximately 9 Gigabytes of data. It also noted that it has "identified nearly 5 million pages of information (from only a sub-set of the more than 100 agreed-on custodians) that it is in the process of reviewing for potential responsiveness." According to State Street, the State of California is reviewing about 250,000 documents for production.

OAL Approves Commissioner's Investment Adviser Emergency Regulations

Last month, I [wrote](#) about Commissioner [Preston DuFauchoard's](#) plan to file emergency regulations extending the life of Rule 260.204.9 in light of the imminent demise of the SEC's private adviser exemption. The Commissioner filed this [notice of publication and proposed text](#) with the [Office of Administrative Law](#) on June 28, 2011. Yesterday, the OAL approved the regulations.

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