

**FIREFIGHTERS' RETIREMENT SYSTEM  
NEW ORLEANS FIREFIGHTERS' RETIREMENT SYSTEM  
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

**Joint Statement  
July 28, 2011**

This joint statement has been reviewed and approved for public distribution by the executive directors of the Firefighters' Retirement System (FRS), the New Orleans Firefighters' Retirement System (NOFF), and the Municipal Employees' Retirement System (MERS).

On July 25, 2011, the systems sent a team to visit the offices of Fletcher Asset Management (FAM) to review the financial statements, records, and holdings of the fund in which the systems are invested. Although their review is not yet finished, the accountants have provided the following preliminary indications. To this point the management and staff of FAM have been completely open and forthcoming with regard to all documents requested by the team. FAM representatives freely discussed any subject raised by the team. The firm that provides a valuation of investments managed by FAM is comprised of a well respected, independent team of academics. Independent valuations have been used to value the assets in preparing prior audits of the funds in accordance with generally accepted accounting principles. FAM has presented documentation and financial statements indicating that the fund has assets exceeding the value of the systems' investments and earnings showing more than \$40 million in profit on the systems' original investment.

The team was lead by a principal of the investigative and dispute services unit of Ernst & Young (E&Y) accounting firm. The principal has more than 15 years experience in conducting reviews of this type. The principal was joined by the executive directors of MERS and NOFF, and the vice-chairman of the FRS board, the FRS staff CPA, and the systems' investment consultant. All of the team members were present during the first two days of the review. The E&Y accountant will remain until he has enough information to provide a thorough, independent report to the systems. The FRS CPA will also remain and work alongside E&Y in compiling a report. Additional joint statements may be released upon receipt of information from the accountants.

/s/ Steven Stockstill  
Steven S. Stockstill, FRS Executive Director

/s/ Richard Hampton  
Richard Hampton, NOFF Executive Director

/s/ Robert L. Rust  
Bob Rust, MERS Executive Director