



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

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NEW ORLEANS FIREFIGHTERS' PENSION AND RELIEF FUND AND SUBSIDIARIES

The New Orleans Firefighters Pension and Relief Fund's audit opinion was qualified for 2012, because a \$15 million investment receivable (original investment of \$18 million) in a Cayman Islands investment fund filed for bankruptcy last year, according to an audit released Monday by Legislative Auditor Daryl Purpera.

The 2012 audit of the pension fund, which covers more than 1,900 active and former firefighters, was conducted by the New Orleans area accounting firm of Duplantier, Hrapmann, Hogan and Maher, LLP. In their report, the auditors said that they were not able to obtain sufficient information concerning the valuation of the investment.

The \$15 million receivable was invested in a fund managed by Fletcher Asset Management. The report said the firefighters fund tried to obtain a full redemption of its investment in 2011, but Fletcher did not refund the money and has since filed for bankruptcy.

The report said although a bankruptcy trustee has started an investigation, information about the value of the assets and any potential recovery is not available.

The report said that the firefighters' pension fund lost more than \$13 million in its net position between 2011 and 2012, primarily due to decrease in performance of some of the fund's investments.

The report also showed that a large portion of the investments by the pension fund are in real estate, including golf courses, in Louisiana, Idaho and Texas.

The pension fund made 12 loans totaling more than \$23 million to various businesses, including movie productions, hotels and office buildings. Six of the loans are in default and the ability to collect a seventh is uncertain, auditors said.

The report also said that the firefighters' pension fund invested in 11 partnerships and 14 limited liability corporations covering interests from mezzanine funds to entertainment businesses to hotels.



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The report showed that four of its partnerships, in which the fund had investments, lost money in 2012, with the biggest loss coming on an emerging clean energy and clean water company.

The report showed that five of the 14 limited liability corporations showed losses in 2012. The pension fund recorded a loss of more than \$944,000 for its share of one of the investments - a \$3 million investment in a Delaware entertainment investment corporation.

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