



CAMBRIDGE RETIREMENT BOARD

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139 • TEL. 349-4114

JOSEPH E. CONNARTON

Chairman

November 5, 1992

ARTHUR F. LIBITZ

City Auditor
Vice Chairman

SHEILA M. TOBIN

Elected Member

To: Robert W. Healy, City Manager

From: Joseph E. Connarton, *JEC* Chairman

Subject: Aetna Settlement

This is to notify you that the Cambridge Retirement Board has reached an out of court settlement with Aetna Life Insurance Company. As you know, our outside legal counsel, Palmer and Dodge, has been meeting regularly with us and representatives of Aetna in order to bring this issue to a successful conclusion. I am happy to inform you that a settlement has been reached which is extremely beneficial to the active and retired members of the Cambridge Retirement System.

I am enclosing for your review the attached memorandum outlining the settlement and request that you forward same to the City Council.

Thank you for your cooperation.

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OFFICE OF THE CITY MANAGER



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Elected Member

To: The Honorable, The City Council
From: Joseph E. Connarton, *JEC*
Chairman
Subject: Aetna Life Insurance's Settlement

The members of the Cambridge Retirement Board are pleased to report to you that we have reached an out of court settlement with Aetna Life Insurance Company relative to its' prior involvement with a Boston based investment advisor named Carmen Elio. As you know, a little over one year ago, the Boston Globe ran a spotlight series relative to the way in which certain investments were made.

Once the revelations were made, the Board acted immediately to initiate an investigation into the dealings between Aetna and Elio which had been concealed from us. The Board hired outside legal counsel, Palmer & Dodge, to pursue all viable legal options on behalf of the active and retired members of our system. Furthermore, the Board has fully cooperated with all state and federal agencies during their investigation of these matters. While the process has been a lengthy one, the end result has been one of complete success for the members of the retirement system.

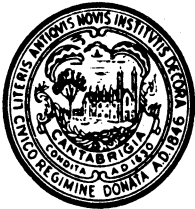
Effective Friday, November 6, 1992, Aetna paid the Retirement Board \$1,544,000 and agreed to pay yearly, through maturity, reasonable interest on the Board's remaining investment.

As a result of the settlement, the Cambridge Retirement System has not suffered from the investment advice Elio gave us. Aetna has repaid all of the sums we claimed we lost as a result of Elio's advice.

We are proud to inform you, the members of our system and the general public of our successful efforts to obtain 100% recovery. As we stated last year, no member has lost money from their account, nor should any one feel that their pension is in jeopardy. Indeed, with this agreement, the system is whole!

Should the council wish to discuss the details of this agreement, the Board would be glad to meet with you during a future City Council meeting.

12.



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139

TEL 349-4300

FAX 349-4307

EXECUTIVE DEPARTMENT

ROBERT W. HEALY

City Manager

RICHARD C. ROSSI

Deputy City Manager

November 6, 1992

To The Honorable, The City Council:

In reference to Awaiting Report Item Nos. 2 & 10, regarding the Cambridge Retirement Board, please find attached a response received from Joseph E. Connarton, Chairman of the Retirement Board, relative to this matter.

Very truly your,

A handwritten signature in dark ink, appearing to read "Robert W. Healy", is written over a horizontal line.

Robert W. Healy
City Manager

RWH/mev
attachments

CONSENT AGENDA ITEM #12

S-926

Awaiting Report Item Nos. 2 & 10
regarding the Cambridge Retirement
Board.

In City Council,

November 9, 1992

Placed on file