Missing Funds

More than a quarter of a billion dollars of Bureau OWCF funds have been lost or are unaccounted for:

The **MDL Capital Management's hedge fund:** loss of $215 million of the $225 million in OWCF funds that it was entrusted to manage.

Lawyers for **Tom Noe's Vintage Coin and Collectibles** report that $10 to $12 million of the $50 million of OWCF funds Noe was entrusted to it to manage, are unaccounted for.

New York City-based money manager Alan Brian Bond: loss of $3.9 million out of the $80 million OWCF funds he was entrusted to manage. Bond is now serving a 12-year Federal prison sentence.

Baltimore-based financial manager Nathan Chapman: loss of $1.3 million out of the $20 million OWCF funds he was entrusted to manage. He was convicted in August 2004 on Federal fraud charges.

Between June 30, 2000 and Dec. 31, 2001, the **Arlington, Texas-based Rupay Barrington Group** lost $9.4 million of Bureau OWCF money.

American Express Asset Management's Boston Equity Group: loss of $8.5 million of OWCF funds it was entrusted to manage.

Ohio Secretary of State Kenneth Blackwell with Barbara Bush. Blackwell chaired the Bush-Cheney 2004 re-election campaign in the state, overseeing widespread voter suppression—and apparently, much more.

The lame-duck Bush-Cheney Administration has proven its impotence to handle the world financial-economic breakdown, marked by a wave of hedge-funds failures. The Rove-Cheney-George Shultz machine suffered a stunning set-back on May 23, when the Senate stopped the coup-plotters' attempt to rip up the U.S. Constitution through use of the "nuclear option" to prevent Senate filibustering of judicial nominees. The new investigative phase to the Ohio voter suppression fight has the potential to bring this machine down.

The 1996 Law Change

The starting ground for the present Ohio scandal can be located in a sweeping fundamental change in investment policies permitted to Ohio public authorities, Senate bill S. 82, which became law in late 1996. This made some bad changes in the Ohio Bureau of Workers' Compensation's investments.

Prior to the law's adoption, the Bureau managed the vast majority of its funds—called the Ohio Workers' Compensation Fund (OWCF) funds—by its own internal management team. It was required to invest the OWCF funds into bonds (U.S. government bonds, corporate bonds, etc.). Most years, this strategy worked: it produced sound and dependable, if unspectacular, results.

However, the 1996 law, supported by "free enterprise" Republicans and several Democrats as well, proposed to "expand the investment authority" of the Bureau (and of five state pension systems which were also covered by the law), in two ways. The law authorized the Bureau to invest in equity, real estate, and even rare coins. Second, it said that the Bureau would no longer be allowed to manage its funds in-house, but would have to parcel out OWCF funds to external investment managers.

The Bureau's OWCF funds were one of the three largest exclusive state workers' compensation funds in the country in terms of assets. Investment managers deluged the state of Ohio in order to be cut in on a piece of the action. It appears that the Republican Party, which controlled most top statewide offices, openly encouraged and expected that managers who got contracts with the Bureau—and who earned fees for managing these contracts—would skim off some of the fees for managing OWCF funds, and make them as contributions into the Republican Party treasuries. This became unofficially institutionalized as policy, to help create a one-party state.

A *Toledo Blade* review of campaign finances found that after the 1996 change in the law, owners and employees of firms that managed funds for the OWCF gave $73,000 per year in political contributions for Ohio state office, whereas before the law change, they gave only $12,200 per year. Moreover, since 1996, of the cumulative $482,000 in contributions made by these owners and employees of firms that manage funds for the OWCF, a stunning $425,000—88% of the total—went to Republicans. The person who received the most funds was Secretary of State Ken Blackwell, who, as Treasurer from 1994 to 1998, had direct responsibility for the Bureau's funds, and who supervised the voter suppression in the 2004 Presidential election.

The $425,000 in contributions given by the personnel of