



General Assembly

**Substitute Bill No. 5632**

February Session, 2006

\*            HB05632FIN            041206            \*

**AN ACT CONCERNING DIVESTMENT OF STATE FUNDS INVESTED  
IN COMPANIES DOING BUSINESS IN SUDAN.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective from passage*) For the purposes of this  
2 section, section 2 of this act and subsection (a) of section 3-37 of the  
3 general statutes, as amended by this act:

4       (1) "Company" means any corporation, utility, partnership, joint  
5 venture, franchisor, franchisee, trust, entity investment vehicle,  
6 financial institution or any wholly-owned subsidiary of such  
7 corporation;

8       (2) "Doing business" means maintaining equipment, facilities,  
9 personnel or other apparatus of business or commerce in Sudan,  
10 including, but not limited to, ownership of real or personal property in  
11 Sudan, or engaging in any business activity with the government of  
12 Sudan;

13       (3) "Invest" means the commitment of funds or other assets to a  
14 company, including, but not limited to, the ownership or control of a  
15 share or interest in the company, and the ownership or control of a  
16 bond or other debt instrument by the company; and

17       (4) "Sudan" means the Republic of Sudan, including its government,

18 and any of its agencies, instrumentalities or political subdivisions.

19       Sec. 2. (NEW) (*Effective from passage*) (a) The State Treasurer shall  
20 review the major investment holdings of the state for the purpose of  
21 determining the extent to which state funds are invested in companies  
22 doing business in Sudan. Whenever feasible and consistent with the  
23 fiduciary duties of the Treasurer, the Treasurer shall encourage  
24 companies in which state funds are invested and that are doing  
25 business in Sudan, as identified by the United States Department of  
26 Treasury's Office of Foreign Assets Control or the Treasurer, to act  
27 responsibly and not take actions that promote or otherwise enable  
28 human rights violations in Sudan.

29       (b) The State Treasurer (1) may divest, decide to not further invest  
30 state funds or not enter into any future investment in any company  
31 doing business in Sudan, and (2) shall divest and not further invest in  
32 any security or instrument issued by Sudan. In determining whether to  
33 divest state funds in accordance with the provisions of subdivision (1)  
34 of this subsection, the factors which the Treasurer shall consider shall  
35 include, but not be limited to, the following: (A) Revenues paid by  
36 such company directly to the government of Sudan, (B) whether such  
37 company supplies infrastructure or resources used by the government  
38 of Sudan to implement its policies of genocide in Darfur or other  
39 regions of Sudan, (C) whether such company knowingly obstructs  
40 lawful inquiries into its operations and investments in Sudan, (D)  
41 whether such company attempts to circumvent any applicable  
42 sanctions of the United States, (E) the extent of any humanitarian  
43 activities undertaken by such company in Sudan, (F) whether such  
44 company is engaged solely in the provision of goods and services  
45 intended to relieve human suffering, or to promote welfare, health,  
46 education, religious or spiritual activities, (G) whether such company  
47 is authorized by the federal government of the United States to do  
48 business in Sudan, (H) evidence that such company has engaged the  
49 government of Sudan to cease its abuses in Darfur or other regions in  
50 Sudan, (I) whether such company is engaged solely in journalistic  
51 activities, and (J) any other factor that the Treasurer deems prudent. In

52 the event that the Treasurer determines that divestment of state funds  
53 is warranted from a company in which state funds are invested due to  
54 such company doing business in Sudan, the Treasurer shall give notice  
55 to such company that such funds shall be divested from such company  
56 for as long as such company does business in Sudan.

57 (c) The State Treasurer shall, at least once per fiscal year, provide  
58 reports to the Investment Advisory Council on actions taken by the  
59 Treasurer pursuant to the provisions of this section.

60 (d) In the event that the President of the United States rescinds or  
61 repeals Executive Order 13067 the provisions of this section shall no  
62 longer be effective.

63 Sec. 3. Subsection (a) of section 3-37 of the general statutes is  
64 repealed and the following is substituted in lieu thereof (*Effective from*  
65 *passage*):

66 (a) The Treasurer shall, annually, on or before [October fifteenth]  
67 December thirty-first, submit a final audited report to the Governor  
68 and a copy of such report to the Investment Advisory Council, which  
69 shall include the following information concerning the activities of the  
70 office of the State Treasurer for the immediately preceding fiscal year  
71 ending June thirtieth: (1) Complete financial statements and  
72 accompanying footnotes for the combined investment funds prepared  
73 in accordance with generally accepted accounting principles, which  
74 financial statements shall be audited in accordance with generally  
75 accepted auditing standards and supplementary schedules depicting  
76 the interests of the component retirement plans and trust funds; (2)  
77 complete financial statements and accompanying footnotes for the  
78 Short Term Investment Fund prepared in accordance with generally  
79 accepted accounting principles and supplementary schedules listing all  
80 assets held by the Short Term Investment Fund; (3) a discussion and  
81 review of the performance of the combined investment funds and  
82 Short Term Investment Fund for such fiscal year in accordance with  
83 recognized and appropriate performance presentation and disclosure,

84 including an analysis of the return earned by the portfolio and each  
 85 combined investment fund as well as the risk profile of the portfolio  
 86 and each combined investment fund according to investment industry  
 87 standards; (4) the activities and transactions in such reasonable detail  
 88 as is appropriate of the cash management division including  
 89 information on the state's cash receipts and disbursements for the fiscal  
 90 year, and the debt management division including the financial  
 91 statements of the tax-exempt proceeds fund prepared in accordance  
 92 with generally accepted accounting principles; (5) financial statements  
 93 and accompanying footnotes as well as a summary of operating results  
 94 for the Second Injury Fund for such fiscal year; (6) a financial summary  
 95 and report on the activities of the state's unclaimed property program  
 96 for such fiscal year; (7) a listing of the companies from which state  
 97 funds were divested based upon such companies' business in Sudan,  
 98 pursuant to the provisions of section 2 of this act, and any companies  
 99 identified by the Treasurer as companies from which investment of  
 100 state funds has been declared impermissible by the Treasurer,  
 101 pursuant to the provisions of section 2 of this act; and [(7)] (8) such  
 102 other information as the Treasurer deems of interest to the public.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	3-37(a)

**GAE**      *Joint Favorable Subst.*

**FIN**      *Joint Favorable*