



Alexi Giannoulas
Illinois State Treasurer



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Media Contacts:
Office of Illinois State Treasurer
Scott Burnham
312-814-2997
sburnham@treasurer.state.il.us

Office of Illinois Attorney General
Natalie Bauer
312-814-3118
nbauer@atg.state.il.us

ILLINOIS REACHES \$77 MILLION BRIGHT START SETTLEMENT WITH OPPENHEIMER

Investors to Recoup Losses from Fund that Oppenheimer Mismanaged

Chicago - Attorney General Lisa Madigan and Treasurer Alexi Giannoulas have reached a settlement agreement with OppenheimerFunds, Inc. and three subsidiaries to resolve an investigation into the company's management of one of the underlying funds in the state's 529 college savings plan, Bright Start. According to the terms of the settlement, Oppenheimer agrees to pay Illinois \$77.23 million, which will be distributed to eligible Bright Start account holders.

"As a result of this agreement, Illinois families invested in this fund will be able to recover substantial losses in their college savings accounts in a timely manner while avoiding the uncertainty and delay that would accompany lengthy and expensive litigation," Madigan said.

"Working in conjunction with Attorney General Lisa Madigan's office, we achieved our goal of reaching a landmark settlement that recoups money for Bright Start families so they can move forward with their college savings goals," Giannoulas said.

Last January, the Attorney General began an investigation after the Treasurer warned that Bright Start program portfolios exposed to Oppenheimer's Core Plus Fixed Income Strategy (Core Plus), one of Bright Start's 21 underlying funds, had suffered extraordinarily high losses in comparison to the bond index used as its benchmark. Oppenheimer had marketed Core Plus as a conservative investment vehicle appropriate for beneficiaries who were at or near college age. Core Plus, however, contained risky investments and was highly leveraged by its Oppenheimer management team, which, in turn, resulted in excessive losses. The management team is no longer with Oppenheimer.

The Bright Start participants covered by the settlement are those who had portfolios exposed to Core Plus at any time from Jan. 1, 2008, through Jan. 25, 2009. Those participants who had losses of at least \$20 as of Sept. 30, 2009 will be eligible for their share of settlement proceeds. The settlement specifies that all funds must be distributed to the Bright Start participants and not used to pay for administrative or attorneys fees. Oppenheimer will pay all costs associated with administering the settlement.

Under the terms of the agreement, eligible Bright Start participants will receive release forms in early 2010. The proceeds of the settlement will be distributed to participants within 30 days after their signed releases are received by the settlement's administrator.

Giannoulis added that Bright Start's investment performance has rebounded with the market recovery. Year-to-date returns as of Nov. 30 show an investment growth range from 5.1 percent for a portfolio designed for 18-year-olds to 24.7 percent for a portfolio geared toward children up to age 6. The funds that replaced Core Plus have experienced year-to-date returns of 8 to 9 percent.

"The Bright Start program remains strong and the number of accounts continues to grow," said Giannoulis, noting that Consumer Reports rated Bright Start in its Top 5 and Money Magazine ranked it in its Top 3 earlier this year.

In reaching this agreement with Oppenheimer, Illinois has worked with other states, including New Mexico, Texas, Maine and Nebraska. Illinois is the first state to execute a final settlement agreement with Oppenheimer.

Attorneys Paul Gaynor, Chief of the Public Interest Division, David Buysse, Deputy Chief of the Public Interest Division, Carl Bergetz, Chief of the Special Litigation Bureau and Assistant Attorneys General Mark Kaminski and Will Fletcher handled the negotiations.