

**2024 FORM FOR NEW BUSINESS ITEMS**

**Public Letter re: Mass PRIM private investments**

04.22.2024 3:37 PM

			Date and Time
Matthew Scheffler			Framingham Teachers Assoc.
Delegate Making the Motion	Cell	Email	Association Represented or Retired
Christine Mulrone			Framingham Teachers Assoc.
Delegate Seconding the Motion	Cell	Email	Association Represented or Retired

According to the MTA Standing/Special Rules:  
 With the exception of items on the agenda, all substantive motions shall be submitted in writing to the Presiding Officer.

**MOTION**

MOVED: This motion is submitted on behalf of the children being harmed by our Private Equity investments. ***In consultation with the [Center of Economic and Policy Research](#), I move MTA to write an informed public letter to all appropriate State and Federal regulatory agencies and authorities: PERAC, MA State SEC, Legislators, Governor, State Treasurer, Attorney General, the SEC, and federal delegations. calling for an investigation and public hearings into the inconsistencies of Non-GAAP accounting practices and performance reporting of Mass PRIM’s private investments (i.e., all close-end alternative funds) and the systemic risks they pose to our pension as warned by federal and global regulators in the last 6 months. (SEC- Red Alert; IOSCO; FSOC)***

**Fact:**

[Equable Pension Research Group](#): ranked Massachusetts 41st out of 51 with among the highest exposure to valuation risk due to [40% asset allocation to private markets](#).

Michael Trotsky, Mass PRIM CIO, has acted as spokesperson for Private Equity’s largest lobbying group, the [American Investment Council](#), and personally benefits from the [inflated accounting practices](#) of our private fund managers( [The state’s highest-paid quasipublic official](#)). He is a [persistent purveyor of the lie and myth](#) that the [IRRs of our Private Equity](#) funds are realized. Since Inception 25+ years ago, Mass PRIM’s PE investments have not realized a positive cash-on-cash return to total commitments, costing our pension system billions in [lost market value](#).

**Impact:**

In 2016, Mass PRIM committed a \$225 million commitment. Blackstone would soon take ownership of several private companies, including [Packer’s Sanitation](#) and [Center of Autism and Related Disorders \(CARDS\)](#) at grave costs.

[Blackstone-Backed Slaughterhouse Cleaner Embroiled in Child-Labor Scandal - Bloomberg](#): “ Packers had the 14th-highest number of [severe injuries](#)—defined as an amputation, hospitalization, or the loss of an eye— among the 14,000 companies tracked by OSHA in 29 states.....Labor Department [said](#) it found that PSSI violated federal law by employing minors in hazardous jobs, including cleaning dangerous power equipment. It said several, including a 13-year-old, suffered chemical burns and other injuries.”

**We can no longer afford to be silent.**

SUBMITTER’S RATIONALE:

**Where’s Our 11?:**

***A Window into the True Cost of Private Equity (Children) & Mass PRIM, PE Manager: Blackstone***  
**Blackstone Capital Partners – New York, NY**

Fund	Vintage Year	Commitment	Contributed	Distributed	NAV	Net IRR	Net Multiple
Blackstone Capital Partners IV, L.P.	2003	75,000,000	87,464,449	212,571,091	268,045	36.3%	2.4x
Blackstone Capital Partners V, L.P.	2006	125,000,000	131,329,992	214,765,745	55,740	7.6%	1.6x
Blackstone Capital Partners VI, L.P.	2011	100,000,000	109,001,079	159,519,195	35,372,259	12.4%	1.8x
Blackstone Capital Partners VII, L.P.	2016	225,000,000	240,647,299	154,584,817	223,548,650	13.7%	1.6x
Blackstone Capital Partners VIII, L.P.	2020	250,000,000	165,313,798	10,338,068	180,583,858	11.8%	1.2x

*PESP Report- Child Abuse*

*Portfolio Company #1: [Packer’s Sanitation](#)*

*Portfolio Company #2: [Center of Autism and Related Disorders \(CARDS\)](#)*

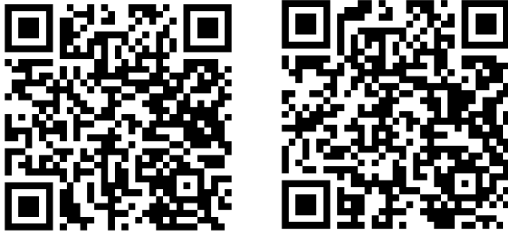
*Blackstone Capital Partners, 2016- [Blackstone](#) & Exploiting [Child Labor](#) & [Children with Autism](#)*



Images released by the US labor department show children working illegally for PSSI.  
 Photograph: US Department of Labor

**True Cost I.**

[Experts warn of the impact when private-equity firms buy companies that serve children with autism](#)  
[Slaughterhouse cleaning company employed children: How hiring went wrong | 60 Minutes](#)



[Slaughterhouse children: Child labor exposed in America's food industry](#)

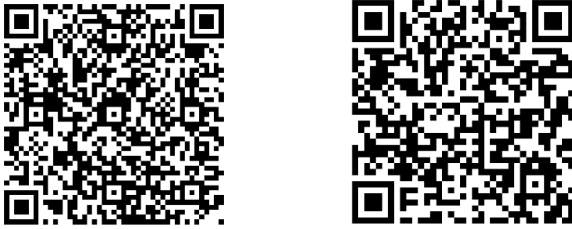
**True Cost II.**

[Pocketing Money Meant for Kids: Private Equity in Autism Services - Center for Economic and Policy Research](#)



**True Cost III.**

[Blackstone-Backed Slaughterhouse Cleaner Embroiled in Child-Labor Scandal - Bloomberg](#)  
[Parents and clinicians say private equity's profit fixation is short-changing kids with autism](#)



Private Equity Stakeholder Project:

[Profit Over Safety: Private Equity's Leveraged Bet on Packers Sanitation](#)



[PE's failed autism failed bets harm workers and consumers](#)

[The Myth of Private Equity | Jeffrey C. Hooke | Talks at Google](#)



**Portfolio Company #1: [Packer's Sanitation](#)**

In February 2023, the U.S. Department of Labor charged Packers Sanitation with employing 102 children to clean slaughterhouses. ([Alone and Exploited, Migrant Children Work Brutal Jobs Across the U.S. - The New York Times](#)) Since this story broke, Packers Sanitation has collapsed to the verge of bankruptcy as major clients cut ties over the scandal ([Blackstone-Backed Slaughterhouse Cleaner Embroiled in Child-Labor Scandal - Bloomberg](#) & [Fitch Revises Packers' Outlook to Negative; Affirms IDR at 'B-'](#))

**Portfolio Company #2: [Center of Autism and Related Disorders \(CARDS\)](#)**

In 2018, Blackstone used our money to buy a chain of autism treatment centers, the Center of Autism and Related Disorders (CARD) for \$600 million. Blackstone implemented a cookie-cutter treatment template and standardized therapeutic plans in the name of cost-cutting & profiteering, resulting in reports of severe physical abuse to children and billing fraud. ([Parents and clinicians say private equity's profit fixation is short-changing kids with autism; Private equity is the biggest player in the autism-therapy industry, and some say that's hurting the quality of care | Fortune](#) & [Audit of Medicaid Applied Behavior Analysis for Children Diagnosed With Autism](#))

Blackstone has since declared bankruptcy and sold CARD back to its original owner for \$48.5 million ([Autism treatment center gets US bankruptcy court approval for \\$48.5 million sale | Reuters](#) & [This Psychologist Got Rich Selling Her Chain Of Autism Treatment Centers. Now She's Trying To Buy It Back](#))

It has been 8 years since we committed \$225 million in Fund VII, to which Blackstone has only returned \$155 million in distributions. [Private Equity Disclosure Report - 06.30.23.xlsx](#)

DUES IMPACT: \$0

SUBMITTER'S COST & STAFF TIME ESTIMATE:

MTA COST & STAFF TIME ESTIMATE (For MTA use only):

MTA Cost Estimate: \$0

MTA Staff Time Estimate: 10 hours