

# HB6369



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

**HB6369**

Introduced 2/18/2010, by Rep. Michael J. Madigan - Barbara Flynn Currie

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-110

from Ch. 108 1/2, par. 1-110

Amends the Illinois Pension Code. Makes a technical change in a Section concerning prohibited transactions.

LRB096 20986 AMC 36830 b

PENSION IMPACT  
NOTE ACT MAY  
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing  
5 Section 1-110 as follows:

6 (40 ILCS 5/1-110) (from Ch. 108 1/2, par. 1-110)

7 Sec. 1-110. Prohibited Transactions.

8 (a) A fiduciary with respect to a retirement system,  
9 pension fund, or investment board shall not cause the ~~the~~  
10 retirement system or pension fund to engage in a transaction if  
11 he or she knows or should know that such transaction  
12 constitutes a direct or indirect:

13 (1) Sale or exchange, or leasing of any property from  
14 the retirement system or pension fund to a party in  
15 interest for less than adequate consideration, or from a  
16 party in interest to a retirement system or pension fund  
17 for more than adequate consideration.

18 (2) Lending of money or other extension of credit from  
19 the retirement system or pension fund to a party in  
20 interest without the receipt of adequate security and a  
21 reasonable rate of interest, or from a party in interest to  
22 a retirement system or pension fund with the provision of  
23 excessive security or an unreasonably high rate of

1 interest.

2 (3) Furnishing of goods, services or facilities from  
3 the retirement system or pension fund to a party in  
4 interest for less than adequate consideration, or from a  
5 party in interest to a retirement system or pension fund  
6 for more than adequate consideration.

7 (4) Transfer to, or use by or for the benefit of, a  
8 party in interest of any assets of a retirement system or  
9 pension fund for less than adequate consideration.

10 (b) A fiduciary with respect to a retirement system or  
11 pension fund established under this Code shall not:

12 (1) Deal with the assets of the retirement system or  
13 pension fund in his own interest or for his own account;

14 (2) In his individual or any other capacity act in any  
15 transaction involving the retirement system or pension  
16 fund on behalf of a party whose interests are adverse to  
17 the interests of the retirement system or pension fund or  
18 the interests of its participants or beneficiaries; or

19 (3) Receive any consideration for his own personal  
20 account from any party dealing with the retirement system  
21 or pension fund in connection with a transaction involving  
22 the assets of the retirement system or pension fund.

23 (c) Nothing in this Section shall be construed to prohibit  
24 any trustee from:

25 (1) Receiving any benefit to which he may be entitled  
26 as a participant or beneficiary in the retirement system or

1 pension fund.

2 (2) Receiving any reimbursement of expenses properly  
3 and actually incurred in the performance of his duties with  
4 the retirement system or pension fund.

5 (3) Serving as a trustee in addition to being an  
6 officer, employee, agent or other representative of a party  
7 in interest.

8 (d) A fiduciary of a pension fund established under Article  
9 3 or 4 shall not knowingly cause or advise the pension fund to  
10 engage in an investment transaction when the fiduciary (i) has  
11 any direct interest in the income, gains, or profits of the  
12 investment adviser through which the investment transaction is  
13 made or (ii) has a business relationship with that investment  
14 adviser that would result in a pecuniary benefit to the  
15 fiduciary as a result of the investment transaction.

16 Violation of this subsection (d) is a Class 4 felony.

17 (e) A board member, employee, or consultant with respect to  
18 a retirement system, pension fund, or investment board subject  
19 to this Code, except those whose investments are restricted by  
20 Section 1-113.2, shall not knowingly cause or advise the  
21 retirement system, pension fund, or investment board to engage  
22 in an investment transaction with an investment adviser when  
23 the board member, employee, consultant, or their spouse (i) has  
24 any direct interest in the income, gains, or profits of the  
25 investment adviser through which the investment transaction is  
26 made or (ii) has a relationship with that investment adviser

1 that would result in a pecuniary benefit to the board member,  
2 employee, or consultant or spouse of such board member,  
3 employee, or consultant as a result of the investment  
4 transaction. For purposes of this subsection (e), a consultant  
5 includes an employee or agent of a consulting firm who has  
6 greater than 7.5% ownership of the consulting firm.

7 Violation of this subsection (e) is a Class 4 felony.

8 (Source: P.A. 95-950, eff. 8-29-08; 96-6, eff. 4-3-09.)