



State of Rhode Island
Office of the General Treasurer
State House – Room 102
Providence, Rhode Island 02903

Seth Magaziner
General Treasurer

August 4, 2020

Jonathan Sokoloff, Managing Partner
Leonard Green & Partners
11111 Santa Monica Boulevard, Suite 2000
Los Angeles, CA 90025

Dear Mr. Sokoloff:

As a fiduciary of the State of Rhode Island's public pension system, which in 2007 made an investment in Green Equity Investors Fund V, I am deeply disappointed by the fund's practices regarding its controlling-interest investment with Prospect Medical Holdings Inc.

The evidence is irrefutable that Green Equity has extracted value from Prospect Medical hospitals, including St. Joseph's Hospital and Our Lady of Fatima Hospital in Rhode Island, at the expense of patients and employees. These actions have left already-vulnerable communities with fewer healthcare resources.


Here in Rhode Island, we have seen the tragic consequences of Green Equity's actions. Prospect Medical has charged St. Joseph's Hospital and our Lady of Fatima Hospital millions in management fees and mortgage payments while charitable care for vulnerable populations has declined.

At the same time, just three years after the 2014 sale of St. Joseph's Hospital and Our Lady of Fatima Hospital to Prospect Medical, the hospital pension fund was declared insolvent. Workers and retirees in the fund faced up to a 40% cut in their pension benefits.

Further, it is alleged that Prospect has not fulfilled its obligations to the City of Providence and the Town of North Providence with regard to promised capital improvements at Roger Williams Medical Center and Our Lady of Fatima Hospital, respectively.

Under my administration, the Rhode Island pension system has adopted new standards to avoid investment risks associated with socially destructive business practices. Given the experience of Green Equity's ownership of Prospect Medical Holdings, I write to inform you that the Rhode Island pension system will not consider any future investments with Leonard Green & Partners.

Sincerely,


Seth Magaziner