



DEPARTMENT OF THE TREASURY

Cary Kennedy
State Treasurer

Eric Rothaus
Deputy Treasurer

PRESS RELEASE

FOR IMMEDIATE RELEASE

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STATE TREASURER CALLS ON COUNTIES TO EXAMINE INVESTMENT PORTFOLIOS

Brings attention to possible violations due to change in state law

(DENVER) State Treasurer Cary Kennedy today sent a letter to county treasurers across Colorado, asking them to examine their investment portfolios for a possible violation of state statute.

Based upon consultations with the Attorney General's office, Kennedy stated that certain securities, known as collateralized mortgage obligations, also called "CMOs," that had not received ratings from independent national rating organizations, can no longer be purchased by most public entities. This was due to a change in law that went into effect in August 2006.

In 2006, the General Assembly adopted a requirement that CMOs that are purchased by most public entities including counties must be rated by at least two independent national rating agencies and at the highest rating level. The law went into effect on August 7, 2006. By law, public entities that hold such securities are required to divest themselves of the security if they have been made aware that its purchase was unlawful.

The Jefferson County Treasurer, Faye Griffin, brought the issue to Kennedy's attention. Griffin notified Kennedy's office that Jefferson County had purchased such securities in December 2006, after the change in statute went into effect. Griffin has requested that the broker that sold the securities to the county repurchase them.

As required by statute, Kennedy has forwarded Jefferson County's demand for repurchase to the broker.

For further information, please contact the Jefferson County Public Information Officer, Kathryn Heider, at 303-271-8515.

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