

ALABAMA SECURITIES COMMISSION  
770 WASHINGTON AVE., SUITE 570  
MONTGOMERY, ALABAMA 36130-4700  
Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240  
Email: [asc@asc.alabama.gov](mailto:asc@asc.alabama.gov) Website: [www.asc.alabama.gov](http://www.asc.alabama.gov)

### **Alabama Investors to Participate in Settlements over the Sale of Auction Rate Securities**

MONTGOMERY, ALABAMA (September 26, 2008) The Alabama Securities Commission (ASC) is part of a collaborative effort through the North American Securities Administrators Association (NASAA) and the U.S. Securities & Exchange Commission and other state securities regulators to address investor problems associated with the sale of auction rate securities (ARS).

Joseph Borg, Director of the ASC, said that the Commission is participating and Alabama investors are included and will benefit from the recent announcements by NASAA, the SEC, the New York Attorney General, Massachusetts and Missouri Secretaries of State, and the Texas Securities Board concerning the auction rate securities situation. As part of the national settlements, the ASC will be working with the individual financial firms to implement the terms and conditions of the settlements. Circumstances will vary by company depending on their level of involvement and the level of misconduct. The final outcome is to be determined and the citizens of the State of Alabama who are investors in Auction Rate Securities with these firms will be recipients of the results of the agreements.

Further details and updates on Auction Rate Securities settlements by company and complaint forms may be found on the ASC website at [www.asc.alabama.gov](http://www.asc.alabama.gov) (see link in left hand column of the main website page).

Earlier this year, state securities regulators began receiving complaints from main street investors who had purchased ARS investments from investment houses that portrayed them as cash equivalents. The ARS markets froze in February of this year, leaving investors nationwide without access to their money and triggering complaints alleging significant resulting personal financial damages. As a result, in April, NASAA announced the formation of a multi-state task force comprised of securities regulators from 12 states and other supporting states, including Alabama, to investigate whether several prominent Wall Street financial firms had systematically misled investors by falsely assuring them that ARS securities were as safe and as easily accessible as cash. The investigation also alleged that financial firms foresaw the collapse of the ARS market and took steps to reduce their own exposure while continuing to market the securities to their clients.

- more -

NASAA, together with the SEC, state securities regulators, state attorneys general, and secretaries of states have announced that settlements in principle have been reached with several major Wall Street firms that will give thousands of investors across the country access to billions of dollars in funds that have been frozen in the ARS market. Thus far, settlement agreements have been reached with Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, JP Morgan and affiliates including Bear Stearns & Co., Inc., Merrill Lynch, Morgan Stanley, UBS, and Wachovia. Legal actions and/or negotiated are pending against other financial firms that offered and sold ARS instruments to their clients.

Terms of the settlements include:

- Reimbursement to all retail investors who sold their ARSs at a discount after the market failed in February 2008;
- Consenting to a special arbitration process to resolve claims of consequential damages suffered by investors as a result of not being able to access their funds;
- Reimbursing all refinancing fees to municipal issuers who issued ARS securities since August 1, 2007 and who refinanced those securities after the market failed; and
- Undertaking to expeditiously provide liquidity solutions to all other institutional investors.

###

For additional information contact: Dan Lord, Education and Public Affairs Manager,  
Call 1-800-222-1253 or Email [dan.lord@asc.alabama.gov](mailto:dan.lord@asc.alabama.gov).

ALABAMA SECURITIES COMMISSION  
770 WASHINGTON AVE., SUITE 570  
MONTGOMERY, ALABAMA 36130-4700  
Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240  
Email: [asc@asc.alabama.gov](mailto:asc@asc.alabama.gov) Website: [www.asc.alabama.gov](http://www.asc.alabama.gov)