
Director's Office, 350 Winter St. NE, Room 200, Salem, Oregon 97301-3878

For immediate release:
April 24, 2008

For more information:
Kevin Anselm, 503-947-7498 or
Lisa Morawski, 503-947-7897

State investigating sales of auction-rate securities

(Salem) — The Oregon Department of Consumer and Business Services (DCBS), Division of Finance and Corporate Securities is working with a national task force of state securities regulators to investigate auction-rate securities sales practices.

Auction-rate securities (ARS) are debt instruments with long-term maturities, such as bonds or notes, issued by municipalities or student-loan agencies that have interest rates reset by auction every seven to 35 days. They often are pooled in closed-end funds. ARS investors typically have been institutions, but brokers recently have been marketing the complex products to individual investors. The securities are often promoted as being similar to cash deposits or money market accounts. However, because of tight credit markets stemming from the sub-prime mortgage crisis, many auctions where auction-rate securities are traded have failed. As a result, many investors are finding that they are unable to access their money – contrary to what they were told when they bought the product.

“We’ve heard concerns from a few Oregon investors so far and are looking into the sales practices of the brokers involved in these securities,” said David Tatman, administrator for the Division of Finance and Corporate Securities.

Nationwide, securities regulators are conducting similar investigations and coordinating their efforts through a task force led by Bryan Lantagne, head of the Massachusetts Securities Division.

Tatman urges Oregon investors who have concerns about their auction-rate securities or are unable to access their investment funds as promised to contact the Division of Finance and Corporate Securities toll-free at 866-814-9710 or by e-mail at dcbs.dfcsmail@state.or.us.

###

The Division of Finance and Corporate Securities, part of the Department of Consumer & Business Services, helps ensure that a wide range of financial products and services are available to Oregonians and helps protect consumers from financial fraud and abuse. For more information, visit www.dfcs.oregon.gov.

The Department of Consumer and Business Services is Oregon’s largest business regulatory and consumer protection agency. For more information, visit www.dcbs.oregon.gov.