



NEWS RELEASE

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Colorado Securities Commissioner Agrees to Auction Rate Securities Settlement with Goldman, Sachs & Co.

Colorado Securities Commissioner Fred Joseph announced today the entry of a Consent Order that finalizes the terms of settlement between the Colorado Division of Securities and Goldman, Sachs & Co. Under the settlement agreement, Goldman Sachs agreed to buy back in excess of \$5 million worth of auction rate securities from Colorado investors who found themselves unable to sell their securities after they had been frozen in the auction rate securities ("ARS") market.

The settlement concludes an investigation led by state securities regulators, including the Colorado Division of Securities, into allegations that Goldman Sachs made misleading representations to certain of its clients that auction rate securities were secure, liquid securities that were a suitable alternative for cash management purposes. It did so through its sales force, some of whom represented to certain investors that auction rate securities were highly liquid, safe investments for cash management purposes. Goldman Sachs failed to adequately supervise certain of its salespeople to ensure that all of the firm's clients would be sufficiently apprised of auction rate securities, the mechanics of the auction process, and the potential illiquidity of auction rate securities.

This is the 10th settlement that the Securities Commissioner has finalized. Previous settlements include Deutsche Bank Securities, Citigroup Global Markets, Bank of America Securities, Credit Suisse Securities, JP Morgan Chase, Merrill Lynch, RBC Capital Markets, UBS Securities, and Wachovia Securities.

This investigation was part of a larger state-led effort to address problems in connection with the offer and sale of auction rate securities. The Division continues to investigate possible misconduct by other firms, and is pursuing a licensing action against one firm for their role in the auction rate securities market.

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.

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