



NEWS RELEASE

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Colorado Securities Commissioner Agrees to Auction Rate Securities Settlement with Raymond James & Associates, Inc., and Raymond James Financial Services, Inc.

Colorado Commissioner of Banking and Securities Fred Joseph announced today the entry of a Consent Order that finalizes the terms of settlement between the Colorado Division of Securities and Raymond James & Associates, Inc., and Raymond James Financial Services, Inc. Under the settlement agreement, Raymond James agreed to buy back in excess of \$25 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 Raymond James made inaccurate comparisons between auction rate securities and other investments such as money market funds by telling investors that auction rate securities were "cash equivalents," "the same as cash," and "highly liquid," but with a slightly higher yield. Raymond James licensed representatives did not accurately characterize the investment nature of auction rate securities since they are highly complex securities that are very different from money market funds. And Raymond James 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. The ARS markets froze in February of 2008, triggering a flood of complaints from investors who could not withdraw money from their accounts. States received complaints from a wide range of investors who suffered significant financial damage because the money they were told was liquid was tied up in the frozen ARS market.

This settlement is the sixteenth 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, Stifel Nicolaus, Morgan Stanley, E*TRADE 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.

*The **Colorado Division of Securities** is responsible for the administration and enforcement of the Colorado Securities Act, the Colorado Commodity Code, the Colorado Municipal Bond Supervision Act, and the Local Government Investment Pool Trust Fund Administration and Enforcement Act. The Division licenses and regulates stockbrokers and investment advisers and the securities investments they offer, sell, and advise about in Colorado. The Division also investigates cases of alleged securities fraud.*

***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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