



State of New Mexico

Office of the Governor

Bill Richardson
Governor

For Immediate Release
September 20, 2005

Contact: Billy Sparks
505-476-2214

Governor Bill Richardson Orders Top-To-Bottom Review of State Investments And Announces New Procedures To Ensure Accountability And Protect Taxpayers

Governor also will propose bold anti-corruption package

SANTA FE- Governor Bill Richardson today announced he has ordered a comprehensive review of state investments and investment contracts, and is proposing a number of strict new procedures regarding the state investment process. The Governor's actions come in the wake of the arrest of State Treasurer Robert Vigil and former Treasurer Michael Montoya on federal extortion charges.

"Sunday, I personally called Treasurer Vigil and urged him to step aside in order to protect the financial interests of all New Mexicans," said the Governor. "The Treasurer serves as an ex officio member on no less than 10 Boards and Commissions in addition to his normal duties and manages the local Government Investment Pool. It is my firm belief that Mr. Vigil should step aside until these charges are resolved. Too much is at stake and we have all worked too hard to maintain our good credit, our high ratings and the full and complete confidence in our entire investment system."

Governor Richardson then announced three actions he is taking immediately to reaffirm to New Mexicans and to the investment community that corruption will not be tolerated in our state:

- Governor Richardson ordered a top to bottom review of all investment practices and a review of all investment contracts and has directed state agencies to conduct an internal assessment of all investment activities at all levels of state government. The Governor has directed his administration to maintain contact with the Attorney General and with federal investigators and to continue to provide assistance with the investigation.
- The Governor has ordered full transparency in all state financial transactions, meaning the guiding principle on reporting on buys/sells will be full disclosure. New procedures will also require disclosure of the name of the Broker and the company chosen, the amount of commission paid and exactly who receives the commission *for every transaction*. Lastly, we will require a publicly disclosed year-to-date tally of all those who receive commissions.

“For this plan to be fully implemented I am very aware that we will need the full and total cooperation of the brokerage firms and investment houses,” said the Governor. “My message to them is that from now on full, public disclosure will be the price of doing business in New Mexico.”

- Finally, through his authority as Chair of the Board of Finance, the Governor is ordering a complete audit of the policies and practices of the State Treasurer’s office. The review will be conducted by a team led by Department of Finance Secretary James Jimenez. They will submit a report to Governor Richardson no later than Thanksgiving.

“As Governor, it is my duty to do everything in my power to protect our resources,” said Governor Richardson. “I am taking action now to prevent any further potential erosion of confidence in our investment policies and practices.”

The Governor also announced that in the next legislative session he will propose an anti-corruption package that would, among other things, require any elected official, convicted of a felony to step down and any elected official charged or indicted by a grand jury of a felony to take administrative leave pending the outcome of the case.

“Corruption at any level of state government will not be tolerated,” said Governor Richardson.

#30#