



PRESS RELEASE

Colorado Department of Law
Attorney General Cynthia H. Coffman

FOR IMMEDIATE RELEASE

February 3, 2015

CONTACT

Carolyn A. Tyler
Carolyn.Tyler@state.co.us
720-508-6553

ATTORNEY GENERAL CYNTHIA H. COFFMAN ANNOUNCES COLORADO TO RECEIVE \$21.5 MILLION FROM S&P SETTLEMENT

State-Federal Agreement Totaling \$1.375 Billion Resolves Allegations S&P Inflated Ratings for Risky Mortgage Investments

DENVER—[Colorado Attorney General Cynthia H. Coffman](#) announced today that Colorado will receive \$21,535,714 from [Standard & Poor's Financial Services LLC](#) to resolve allegations S&P misled investors when it rated structured finance securities in the lead-up to the financial crisis and beyond. Colorado joins with 18 other states and the District of Columbia, as well as the U.S. Department of Justice, in reaching an overall settlement totaling \$1.375 billion.

“Our lawsuit alleged that S&P put profit before the economic best interest of our country by claiming its ratings were objective when in fact they were not,” said Attorney General Coffman. “This historic settlement at long last means S&P is being held accountable for its role in the financial crisis. I will now explore options for how Colorado’s \$21.5 million can best be spent.”

S&P was accused of repeatedly making statements emphasizing its independence and objectivity, when in reality, the credit rating agency allowed its desire to earn lucrative fees from investment bank clients to influence its analysis. The state and federal lawsuits further alleged that the agency knowingly assigned inflated credit ratings to toxic assets packaged and sold by the Wall Street investment banks..

Structured finance securities backed by subprime mortgages were at the center of the nation's financial crisis. These financial products, including residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS), and collateralized debt obligations (CDO), derive their value from the monthly payments consumers make on their mortgages.

In addition to the financial settlement, S&P has agreed to a statement of facts acknowledging conduct related to its analysis of structured finance securities. S&P also agrees to comply with all applicable state laws, including the Colorado Consumer Protection Act, and for five years will cooperate with any request for information from any state expressing concern over a possible violation of state law. Further, the states retain authority to enforce their laws – the same laws used to bring these cases – if S&P engages in similar conduct in the future.

In August 2014, the United States Securities and Exchange Commission adopted new requirements for credit rating agencies that address conflicts of interest and procedures to protect the integrity and transparency of rating methodologies and that provide for certifications to accompany credit ratings attesting that the ratings were not influenced by other business activities.

In addition to Colorado, Arizona, Arkansas, California, Connecticut, Delaware, Idaho, Illinois, Indiana, Iowa, Maine, Mississippi, Missouri, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee and Washington as well as the District of Columbia participated in the settlement.

###