



PRESS STATEMENT

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SEC probe involving SBA is old news

Today, *The St. Petersburg Times* reported on a federal Securities and Exchange Commission investigation that was made public more than a year ago.

The St. Petersburg Times story claimed the State Board of Administration failed to make the “formal” investigation public and reported that the SEC was investigating “possible fraud” involving the local government investment pool.

The SBA made the SEC investigation public in March 2008 and posted information about it on the SBA Website. At that time, the information was reported in the press. Since then, the SBA has kept its Board of Trustees up to date on the probe. The SBA has fully cooperated with the SEC.

As part of the inquiry, the SEC issued a confidential document titled “Formal Order of Private Investigation” in July 2008. It is a required step in the legal process before the SEC can subpoena records and take sworn statements.

In its investigation, the SEC has clearly stated in writing that the “information requested should not be construed to be a reflection on the character or reputation, nor as an expression of opinion on the part of the Commission or its staff that any violations of law have occurred.”

The SEC does not comment on an ongoing investigation.

The SEC required the SBA to agree that the “Formal Order of Private Investigation” would remain confidential. When *The St. Petersburg Times* recently asked for copies of correspondence between the two agencies, the SBA made the documents public in an effort to be as transparent as possible under Florida’s Sunshine Law.

Since the 2007 liquidity issues in the Local Government Surplus Funds Trust Fund, the SBA and the Florida Legislature have moved aggressively to better protect public funds. Recognizing the many positive changes, the LGSFTF was renamed Florida PRIME in August 2009. Florida PRIME provides full daily liquidity to investors, holds Standard and Poor’s highest rating (AAAm) and offers local governments cost-effective access to world-class investment services.

In addition, the changes created an oversight advisory body, the Participant Local Government Advisory Council (PLGAC), which oversees the operations of Florida PRIME. The Council is comprised of investors in the pool.

The improved investment guidelines include:

- Comprehensive investment transparency.
- Improved minimum liquidity requirements.
- Tightened maturity limits.
- Elevated credit quality review.
- Annual legal compliance certifications by an independent law firm.
- Annual investment best practices certification by an external investment consulting firm.