

# Press Releases

## 10/10/2008 | Statement of City Auditor Laura Doud Regarding City of Long Beach Lehman Brothers Investment

Like many businesses, municipal governments, and individuals, the City of Long Beach has been affected by the national financial crisis. The City purchased \$20 million of Lehman Brothers commercial paper prior to its filing for bankruptcy on September 15. Due to Lehman's bankruptcy, it is currently unclear how much of the \$20 million the City will be able to ultimately collect.

Please be assured that City officials are doing all they can to recover the investment, working through the bankruptcy courts as well as with the Federal Government in order to recoup all that they can and to minimize any losses to the City.

The City Auditor's Office audits the City's investments after every quarter to ensure that all decisions and practices are in compliance with the City's investment policy, which is approved annually by the City Council. Additionally, a senior member of my office sits on the City's Investment Advisory Committee, which meets quarterly to review the City's investment policies, strategy, and performance. We will continue these important oversight functions.

It is our duty to the citizens of Long Beach to act quickly to ensure that all of the investments the City makes are absolutely secure. Therefore, my office has initiated a comprehensive review of the City's investment policies, practices and controls. After this review, we will make appropriate recommendations to the City's Investment Advisory Committee and the City Council, as appropriate.

Recent events have reminded us that risk is an inherent part of investing. Nevertheless, we look forward to working with the Council and City management to further minimize this risk and safeguard the taxpayers' assets.