

New Mexico State Land Office

Patrick H. Lyons, Commissioner of Public Lands



March 2, 2010

FOR IMMEDIATE RELEASE

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Land Commissioner Says Next Step in State Investment Scandal is to Recover \$90 Million

SANTA FE – Land Commissioner Patrick Lyons today thanked his colleagues on the State Investment Council and state lawmakers for pushing the governor to reorganize the SIC and restore integrity to the state’s investment body.

Now, the commissioner says council members should be aggressive in their efforts to collect \$90 million of the state’s money that is alleged to have been invested and lost by Vanderbilt Financial and associated companies in exchange for political contributions from the firm's employees.

In a letter dated February 2, 2010, to Interim State Investment Officer Bob Jacksha, Commissioner Lyons requested that the files pertaining to any Vanderbilt transactions be released.

“We have all been duped,” Commissioner Lyons said. “This has been a long, tedious process and it’s not over yet, but we will get to the bottom of this outrageous scandal.”

The primary responsibility of the State Investment Council is to administer and manage New Mexico's permanent trust funds: the Land Grant Permanent Fund, the Severance Tax Permanent Fund, the Tobacco Settlement Permanent Fund, and the Water Trust Permanent Fund.

The Land Grant Permanent Fund is almost entirely the product of revenues generated by the State Land Office, which is managed by Commissioner Lyons. Royalty payments from oil, gas, and mineral production on state trust lands, along with land sale proceeds, are deposited into the LGPF. The State Investment Office has managed the LGPF since 1959. The SIC, of which Commissioner Lyons is a member, invests the corpus of the fund in equity and bond markets.

Commissioner Lyons’ efforts to reorganize the SIC began in January 2009 when he collaborated with Sen. Steven Neville (R-San Juan) on legislation that would have increased council membership from nine to thirteen and removed the governor’s power to appoint members. That bill flew through the legislature, but was vetoed by the governor.

Last fall, the commissioner led the effort to oust State Investment Officer Gary Bland, after it was revealed that investment decisions were made to benefit politically connected individuals and a third party agent.

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The commissioner was also the first SIC member to demand that Jacksha release subpoenas disclosing that Bland had been ordered to testify about his role in the public investment fund scandal. The subpoenas were ultimately released.

“It is our sole objective to preserve the solvency of these funds that contribute billions of dollars to New Mexico communities, public schools, universities, and healthcare facilities. The council must remain impartial and investments must be equitable,” Lyons said.

Commissioner Lyons and the State Land Office manage nine million acres of surface estate and thirteen million mineral acres held in trust for public schools, seven universities, the New Mexico Military Institute, the New Mexico School for the Blind and Visually Impaired, the New Mexico School for the Deaf, three hospitals, correctional facilities, public building repair and construction and water projects. Each year, 5.8 percent of the five-year average market value of the Land Grant Permanent Fund is distributed to these beneficiaries.

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