State of New Mexico
OFFICE OF THE STATE AUDITOR

Hector H. Balderas, State Auditor

For Immediate Release
Thursday, June 12, 2012

Contact: Antonio Corrales
(505) 231-6172

State Auditor Balderas Confirms and Uncovers Fraudulent Financial Audit Report of the New Mexico Finance Authority

State Auditor Designates NMFA for Special Audit; Hundreds of Millions of Taxpayer Dollars At-Risk

(Santa Fe, NM)--Today, State Auditor Hector Balderas announced that his office has designated the New Mexico Finance Authority (NMFA) for a special audit after uncovering the existence of a fraudulent audit report of NMFA's annual financial statements. In May of this year, Balderas' office designated NMFA "at-risk" for fraud, waste and abuse for failing to submit a fiscal year 2011 financial audit report to the State Auditor as required by state law. When questions were raised about NMFA's compliance with the audit requirement, Balderas discovered that a fraudulent audit report had been produced to create the appearance that NMFA received an independent audit for fiscal year 2011. The fraudulent report was never submitted to the State Auditor and Balderas said he has confirmed with the independent audit firm that the report is not its work product.

"I am moving aggressively to determine the full extent of this fraud perpetrated against New Mexico's taxpayers," Balderas said. "I'm extremely concerned that a report was fraudulently created in order to misrepresent the Authority's financial condition to agencies, investors and the public."

Balderas added that the already significant risk to taxpayer dollars is further increased by the problem that NMFA has not been independently audited for fiscal year 2011. NMFA makes billions of dollars in loans to assist governmental entities in the financing of capital equipment and infrastructure projects. In fiscal year 2010, NMFA's total operating expenses was $127,818,782 and its total liabilities and net assets were $1,815,437,766.

Balderas said his office has notified law enforcement of the matter and is working closely with NMFA officials and independent auditors in preparation for the special audit.

# # #