

FOR IMMEDIATE RELEASE
BY EGAN-JONES RATINGS COMPANY
APRIL 19, 2012

Egan-Jones Ratings Co. (EJR) is disheartened that the SEC chose to authorize an Administrative Proceeding against this firm - one of the few independent ratings agencies and the only independent Nationally Recognized Statistical Rating Organization (NRSRO). The SEC's action has nothing to do with the quality, integrity or excellence of any rating EJR has ever issued. Rather, the SEC's claims relate to a four year old application process. EJR intends to vigorously defend itself in this proceeding.

Egan-Jones believes that the SEC's action is inexplicable except as an effort to silence Egan-Jones and maintain the status quo of a conflicted, issuer-paid ratings agency monopoly in contravention of the Credit Agency Reform Act of 2006 and the Dodd - Frank Wall Street Reform and Consumer Protection Act of 2010. In the wake of America's recent severe economic collapse, through both of these Acts, Congress strongly directs the SEC to encourage independent ratings firms which are not paid by the issuer. By its action here, the SEC is doing just the opposite.

EJR is the only independent NRSRO and is a small business with fewer than 20 employees. It is paid by subscribers – not by the issuer. Multiple academic studies, including some issued just this past year, have shown that EJR issues the most timely, accurate and predictive ratings in the industry. EJR has caused no harm to the US economy. Rather, EJR provides a critical, independent, voice to the market and has, for years, accurately predicted credit concerns with asset backed, sovereign and corporate issuers long before the issuer-paid firms. There is not one rating ever issued by EJR that is alleged to have been harmful or corrupted by conflict.

The damage done by the large issuer-paid firms, which have a monopoly on the industry, is incalculable. Congress has found that the large issuer-paid firms were instrumental in creating the inflated and erroneous AAA ratings, for billions in profits, that fueled the ABS and CDO market, which, when it collapsed in 2008, led to a trillion dollars in losses and the largest financial crises since the great depression. The vast majority of those 2005-2007 AAA ratings are now graded as junk. EJR warned against many of these risks. The SEC has not even suggested that it will ever take any action against these firms for their role in issuing conflicted, erroneous ratings which, as Congress found, contributed significantly to America's economic crises.

The SEC is ignoring two Acts of Congress, going after the honest and fiercely independent small business, while protecting the major issuer-paid players which, Congress found, maintain and perpetuate a corrupted business model which almost single-handedly destroyed the US economy.

In contrast, Egan-Jones' ratings are independent, informative and helpful to the marketplace. Egan-Jones is committed to issuing the most timely, accurate and quality ratings in the industry.

This commitment stands notwithstanding the SEC's recent action. As said by Sean Egan, "I am hopeful that the SEC's action will be seen for what it is. Rest assured, this firm will continue to speak out and be the honest, independent voice of true credit quality. We will not be silenced. We take great comfort in the fact that this has nothing to do with any ratings action this firm has ever taken."

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