

**BrokerCheck Report**

**AMERIPRISE FINANCIAL SERVICES, LLC**

CRD# 6363

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## About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**
- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.
- **Where did this information come from?**
- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
  - o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
  - o information that regulators report regarding disciplinary actions or allegations against firms or brokers.
- **How current is this information?**
- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.
- **What if I want to check the background of an investment adviser firm or investment adviser representative?**
- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.
- **Are there other resources I can use to check the background of investment professionals?**
- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

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Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at [brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit [www.finra.org](http://www.finra.org).



## AMERIPRISE FINANCIAL SERVICES, LLC

CRD# 6363

SEC# 8-16791

### Main Office Location

707 2ND AVENUE SOUTH  
MINNEAPOLIS, MN 55402  
Regulated by FINRA Kansas City Office

### Mailing Address

5221 AMERIPRISE FINANCIAL CENTER  
MINNEAPOLIS, MN 55474

### Business Telephone Number

612-671-3131

This firm is a brokerage firm and an investment adviser firm. For more information about investment adviser firms, visit the SEC's Investment Adviser Public Disclosure website at:

<https://www.adviserinfo.sec.gov>

## Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

### Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 06/14/1971.

Its fiscal year ends in December.

### Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

### Firm Operations

This firm is registered with:

- the SEC
- 1 Self-Regulatory Organization
- 53 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 18 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm has referral or financial arrangements with other brokers or dealers.

### Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	78
Civil Event	1
Arbitration	98



## Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 06/14/1971.

Its fiscal year ends in December.

## Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

**AMERIPRISE FINANCIAL SERVICES, LLC**

**Doing business as AMERIPRISE FINANCIAL SERVICES, LLC**

**CRD#** 6363

**SEC#** 8-16791

### Main Office Location

707 2ND AVENUE SOUTH  
MINNEAPOLIS, MN 55402

**Regulated by FINRA Kansas City Office**

### Mailing Address

5221 AMERIPRISE FINANCIAL CENTER  
MINNEAPOLIS, MN 55474

### Business Telephone Number

612-671-3131



## Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

### Direct Owners and Executive Officers

**Legal Name & CRD# (if any):** AMPF HOLDING CORPORATION

**Is this a domestic or foreign entity or an individual?** Domestic Entity

**Position** SHAREHOLDER

**Position Start Date** 10/2009

**Percentage of Ownership** 75% or more

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

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**Legal Name & CRD# (if any):** DOREN, MITCHELL DAVID  
2129844

**Is this a domestic or foreign entity or an individual?** Individual

**Position** REGION VICE PRESIDENT (TEXAS DESIGNATED OFFICER)

**Position Start Date** 02/2016

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

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**Legal Name & CRD# (if any):** FLEMING, JOSEPH DANIEL  
2093776

**Is this a domestic or foreign entity or an individual?** Individual

**Position** SENIOR VICE PRESIDENT AND CHIEF COMPLIANCE OFFICER

**Position Start Date** 02/2018

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

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**Legal Name & CRD# (if any):** MAGLAQUE, CHARLES NEAL  
5026063

**Is this a domestic or foreign entity or an individual?** Individual

**Position** DIRECTOR, EXECUTIVE VICE PRESIDENT AND CHIEF OPERATIONS OFFICER AWM

**Position Start Date** 04/2015

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

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**Legal Name & CRD# (if any):** MATTOX, MICHAEL SCOTT  
4383501

**Is this a domestic or foreign entity or an individual?** Individual

**Position** VICE PRESIDENT AND CONTROLLER

**Position Start Date** 02/2020

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

## Firm Profile



### Direct Owners and Executive Officers (continued)

<b>Legal Name &amp; CRD# (if any):</b>	O'CONNELL, PATRICK HUGH 2246285
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	DIRECTOR, EXECUTIVE VICE PRESIDENT-FIELD MANAGEMENT
<b>Position Start Date</b>	03/2016
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	SWEENEY, JOSEPH EDWARD 4668713
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	PRESIDENT, CHAIRMAN AND CHIEF EXECUTIVE OFFICER
<b>Position Start Date</b>	04/2015
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	WILLIAMS, WILLIAM JERRY L 1954117
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	DIRECTOR, EXECUTIVE VICE PRESIDENT-FIELD MANAGEMENT
<b>Position Start Date</b>	03/2016
<b>Percentage of Ownership</b>	Less than 5%

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

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**Legal Name & CRD# (if any):** WILSON THISSEN, KAREN MS.  
4878364

**Is this a domestic or foreign entity or an individual?** Individual

**Position** EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL

**Position Start Date** 01/2017

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

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## Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.



### Indirect Owners

<b>Legal Name &amp; CRD# (if any):</b>	AMERIPRISE FINANCIAL, INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Company through which indirect ownership is established</b>	AMPF HOLDING CORPORATION
<b>Relationship to Direct Owner</b>	100% OWNER OF PARENT COMPANY
<b>Relationship Established</b>	10/2009
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	Yes

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## Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.



**This firm was previously:** AMERIPRISE FINANCIAL SERVICES, INC.

**Date of Succession:** 01/01/2020

**Predecessor CRD#:** 6363

**Description** ON 01/09/2020, AMERIPRISE FINANCIAL SERVICES, INC CONVERTED FROM A CORPORATION TO AN LLC UNDER DELAWARE STATE LAW. AS A MATTER OF DELAWARE LAW, THE CONVERSION FROM A CORPORATION TO AN LLC IS THE CONTINUATION OF THE SAME LEGAL ENTITY IN THE FORM OF A DOMESTIC LIMITED LIABILITY COMPANY, AND IS NOT A DISSOLUTION OR SUCCESSION. NO CHANGE IN CONTROL RESULTED FROM THIS CONVERSION.

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## Firm Operations

### Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

**This firm is currently registered with the SEC, 1 SRO and 53 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	11/25/1971

### SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: Yes

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: No

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	11/17/1972



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	10/23/1981
Alaska	Approved	04/17/1974
Arizona	Approved	04/30/1974
Arkansas	Approved	01/01/1975
California	Approved	09/16/1974
Colorado	Approved	02/01/1983
Connecticut	Approved	07/18/1974
Delaware	Approved	10/06/1981
District of Columbia	Approved	04/22/1974
Florida	Approved	04/27/1983
Georgia	Approved	09/21/1981
Hawaii	Approved	04/09/1974
Idaho	Approved	05/16/1974
Illinois	Approved	06/13/1974
Indiana	Approved	10/20/1981
Iowa	Approved	07/14/1983
Kansas	Approved	10/21/1974
Kentucky	Approved	07/16/1982
Louisiana	Approved	04/20/1983
Maine	Approved	02/09/1984
Maryland	Approved	10/03/1981
Massachusetts	Approved	07/31/1981
Michigan	Approved	02/02/1983
Minnesota	Approved	07/15/1982
Mississippi	Approved	10/14/1981
Missouri	Approved	07/18/1983
Montana	Approved	04/20/1983
Nebraska	Approved	10/08/1981
Nevada	Approved	08/27/1983
New Hampshire	Approved	02/02/1983
New Jersey	Approved	07/13/1983
New Mexico	Approved	10/07/1981
New York	Approved	03/30/1984

U.S. States & Territories	Status	Date Effective
North Carolina	Approved	07/15/1982
North Dakota	Approved	10/21/1981
Ohio	Approved	07/16/1982
Oklahoma	Approved	07/17/1982
Oregon	Approved	06/19/2013
Pennsylvania	Approved	07/02/1974
Puerto Rico	Approved	01/03/1994
Rhode Island	Approved	02/01/1983
South Carolina	Approved	10/28/1981
South Dakota	Approved	07/15/1982
Tennessee	Approved	08/17/1981
Texas	Approved	07/22/1983
Utah	Approved	04/21/1983
Vermont	Approved	02/13/1984
Virgin Islands	Approved	12/14/2009
Virginia	Approved	09/22/1981
Washington	Approved	04/20/1983
West Virginia	Approved	09/30/1981
Wisconsin	Approved	01/02/1975
Wyoming	Approved	04/04/1974



## Firm Operations

### Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

**This firm currently conducts 18 types of businesses.**

#### Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
U S. government securities dealer
U S. government securities broker
Municipal securities dealer
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Solicitor of time deposits in a financial institution
Put and call broker or dealer or option writer
Investment advisory services
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Trading securities for own account
Private placements of securities
Broker or dealer selling interests in mortgages or other receivables
Broker or dealer involved in a networking, kiosk or similar arrangement with a: bank, savings bank or association, or credit union
Other - APPLICANT PARTICIPATES IN THE SALE OF FACE-AMOUNT CERTIFICATES AND UNIT INVESTMENT TRUSTS. BROKER OR DEALER IN AGENCY SECURITIES. INVESTMENT RESEARCH PREPARATION AND DISTRIBUTION.

#### Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.

This firm does engage in other non-securities business.

Non-Securities Business Description: AAPPLICANT IS LICENSED AS AN INSURANCE AGENT IN A NUMBER OF STATES. APPLICANT ALSO PROVIDES MARKETING, ADMINISTRATION, AND TRAINING OF SALES REPRESENTATIVES ON INSURANCE PRODUCTS. APPLICANT OFFERS ACCESS TO CERTAIN BANKING

PRODUCTS, INCLUDING RESIDENTIAL REAL ESTATE LOANS, CREDIT CARDS AND CERTIFICATES OF DEPOSIT.

## Firm Operations



### Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

### Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

<b>Name:</b>	AMERICAN ENTERPRISE INVESTMENT SERVICES INC.
<b>CRD #:</b>	26506
<b>Business Address:</b>	50611 AMERIPRISE FINANCIAL CENTER MINNEAPOLIS, MN 55474
<b>Effective Date:</b>	04/13/1990
<b>Description:</b>	APPLICANT HAS ENTERED INTO A CLEARING AGREEMENT WITH AEIS. AEIS PROVIDES EXECUTION, RECORD KEEPING, DELIVERY AND RECEIPT OF SECURITIES AND FUNDS; RECEIVES AND DISTRIBUTES PAYMENTS; SAFEGUARDS ALL FUNDS AND SECURITIES RECEIVED; RECEIVES AND DISTRIBUTES DIVIDENDS AND OTHER DISTRIBUTIONS, PROCESSES EXCHANGES OFFERS, RIGHTS OFFERINGS, WARRANTS, TENDER OFFERS AND REDEMPTIONS. APPLICANT IS RESPONSIBLE FOR OPENING, APPROVING AND MONITORING OF CUSTOMERS' ACCOUNTS AND THE ACCEPTANCE OF CUSTOMERS' SECURITIES ORDERS.

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## Firm Operations

### Industry Arrangements



**This firm does have books or records maintained by a third party.**

<b>Name:</b>	HANZO ARCHIVES, INC.
<b>Business Address:</b>	77 WATER STREET NEW YORK, NY 10005
<b>Effective Date:</b>	04/27/2020
<b>Description:</b>	MAINTAINS STORAGE OF WEBSITE CONTENT RECORDS.
<b>Name:</b>	GLOBANET CONSULTING SERVICES, INC
<b>Business Address:</b>	15233 VENTURA BLVD SUITE 1140 SHERMAN OAKS, CA 91403
<b>Effective Date:</b>	03/01/2018
<b>Description:</b>	GLOBANET WILL HAVE ACCESS AND THE ABILITY TO DOWNLOAD INFORMATION FROM THE BROKER-DEALER'S LOCATION(S) UPON THE REQUEST OF A REGULATOR HAVING JURISDICTION OVER THE MEMBER.
<b>Name:</b>	AMERICAN ENTERPRISE INVESTMENT SERVICES INC.
<b>CRD #:</b>	26506
<b>Business Address:</b>	50611 AMERIPRISE FINANCIAL CENTER MINNEAPOLIS, MN 55474
<b>Effective Date:</b>	04/13/1990
<b>Description:</b>	AEIS RETAINS CERTAIN RECORDS FOR APPLICANT RELATED TO THE CLEARING SERVICES IT PROVIDES FOR APPLICANT.
<b>Name:</b>	IRON MOUNTAIN RECORDS MANAGEMENT
<b>Business Address:</b>	1 FEDERAL STREET BOSTON, MA 02110
<b>Effective Date:</b>	10/01/1998
<b>Description:</b>	IRON MOUNTAIN RECORDS MANAGEMENT PROVIDES OFF-SITE RECORDS MANAGEMENT FOR CERTAIN BOOKS AND RECORDS OF APPLICANT.
<b>Name:</b>	AMERIPRISE FINANCIAL, INC.
<b>Business Address:</b>	50611 AMERIPRISE FINANCIAL CENTER





## Firm Operations

### Industry Arrangements (continued)

MINNEAPOLIS, MN 55474

**Effective Date:** 11/25/1971

**Description:** AMERIPRISE FINANCIAL, INC., PARENT OF APPLICANT, MAINTAINS CERTAIN BOOKS AND RECORDS OF THE APPLICANT. EFFECTIVE DATE 11/25/1971.

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**This firm does not have accounts, funds, or securities maintained by a third party.**

**This firm does have customer accounts, funds, or securities maintained by a third party.**

**Name:** AMERICAN ENTERPRISE INVESTMENT SERVICES INC.

**CRD #:** 26506

**Business Address:** 50611 AMERIPRISE FINANCIAL CENTER  
MINNEAPOLIS, MN 55474

**Effective Date:** 04/13/1990

**Description:** APPLICANT HAS ENTERED INTO A CLEARING AGREEMENT WITH AEIS. AEIS PROVIDES EXECUTION, RECORD KEEPING, DELIVERY AND RECEIPT OF SECURITIES AND FUNDS; RECEIVES AND DISTRIBUTES PAYMENTS; SAFEGUARDS ALL FUNDS AND SECURITIES RECEIVED; RECEIVES AND DISTRIBUTES DIVIDENDS AND OTHER DISTRIBUTIONS, PROCESSES EXCHANGE OFFERS, RIGHTS OFFERINGS, WARRANTS, TENDER OFFERS AND REDEMPTIONS. APPLICANT IS RESPONSIBLE FOR OPENING, APPROVING AND MONITORING OF CUSTOMERS' ACCOUNTS AND THE ACCEPTANCE OF CUSTOMERS SECURITIES ORDERS.

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### Control Persons/Financing

**This firm does not have individuals who control its management or policies through agreement.**

**This firm does not have individuals who wholly or partly finance the firm's business.**



## Firm Operations

### Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

**This firm is, directly or indirectly:**

- in control of
  - controlled by
  - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.**

**LIONSTONE INVESTMENTS is under common control with the firm.**

<b>CRD #:</b>	160214
<b>Business Address:</b>	712 MAIN STREET SUITE 2500 HOUSTON, TX 77002
<b>Effective Date:</b>	09/24/2018
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	THE ORGANIZATION IS ALSO KNOWN AS LIONSTONE PARTNERS, LLC. LIONSTONE INVESTMENTS IS A WHOLLY OWNED SUBSIDIARY OF COLUMBIA MANAGEMENT INVESTMENT ADVISERS, LLC, A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

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**COLUMBIA WANGER ASSET MANAGEMENT, L.P. is under common control with the firm.**

<b>CRD #:</b>	111168
<b>Business Address:</b>	227 WEST MONROE, SUITE 3000 CHICAGO, IL 60606
<b>Effective Date:</b>	05/01/2010
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes

## Firm Operations



### Organization Affiliates (continued)

**Description:** COLUMBIA WANGER ASSET MANAGEMENT, LLC IS WHOLLY OWNED BY COLUMBIA MANAGEMENT INVESTMENT ADVISERS, LLC, (FORMERLY KNOWN AS RIVERSOURCE INVESTMENTS, LLC), A WHOLLY OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

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**COLUMBIA MANAGEMENT INVESTMENT DISTRIBUTORS, INC. is under common control with the firm.**

**CRD #:** 840

**Business Address:** 225 FRANKLIN STREET  
BOSTON, MA 02110

**Effective Date:** 05/01/2010

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** COLUMBIA MANAGEMENT INVESTMENT DISTRIBUTORS, INC., FORMERLY KNOWN AS RIVERSOURCE FUND DISTRIBUTORS, INC. (WHICH WAS FORMERLY KNOWN AS SELIGMAN ADVISORS, INC.), IS OWNED BY COLUMBIA MANAGEMENT INVESTMENT ADVISERS, LLC (FORMERLY RIVERSOURCE INVESTMENTS, LLC), A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

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**COLUMBIA MANAGEMENT INVESTMENT SERVICES, CORP. is under common control with the firm.**

**Business Address:** 225 FRANKLIN STREET  
BOSTON, MA 02110

**Effective Date:** 05/01/2010

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** COLUMBIA MANAGEMENT INVESTMENT SERVICES, CORP., FORMERLY KNOWN AS RIVERSOURCE SERVICE CORPORATION (WHICH WAS F/K/A AMERICAN EXPRESS SERVICE CORPORATION), IS A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

## Firm Operations



### Organization Affiliates (continued)

**THREADNEEDLE ASSET MANAGEMENT LTD is under common control with the firm.**

<b>Business Address:</b>	60 ST. MARY AXE LONDON, UK EC3A8JQ
<b>Effective Date:</b>	10/22/1956
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	UNITED KINGDOM
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	THREADNEEDLE ASSET MANAGEMENT LTD IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED, WHICH IS A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

**RIVERSOURCE LIFE INSURANCE COMPANY is under common control with the firm.**

<b>Business Address:</b>	50611 AMERIPRISE FINANCIAL CENTER 707 SECOND AVENUE SOUTH MINNEAPOLIS, MN 55474
<b>Effective Date:</b>	08/07/1957
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	RIVERSOURCE LIFE INSURANCE COMPANY, F/K/A IDS LIFE INSURANCE COMPANY, A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

**AMERIPRISE BANK, FSB is under common control with the firm.**

<b>Business Address:</b>	707 SECOND AVE SOUTH MINNEAPOLIS, MN 55402
<b>Effective Date:</b>	05/06/2019
<b>Foreign Entity:</b>	No
<b>Country:</b>	

## Firm Operations



### Organization Affiliates (continued)

<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	AMERIPRISE BANK, FSB IS WHOLLY-OWNED BY AMERIPRISE FINANCIAL, INC.; WHICH IS ALSO THE PARENT COMPANY FOR APPLICANT.

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#### RIVERSOURCE DISTRIBUTORS, INC. is under common control with the firm.

<b>CRD #:</b>	139135
<b>Business Address:</b>	707 SECOND AVENUE SOUTH MINNEAPOLIS, MN 55474
<b>Effective Date:</b>	07/05/2006
<b>Foreign Entity:</b>	No
<b>Country:</b>	DELAWARE
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	RIVERSOURCE DISTRIBUTORS, INC. IS WHOLLY-OWNED BY AMERIPRISE FINANCIAL, INC.

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#### THREADNEEDLE PORTFOLIO SERVICES LIMITED is under common control with the firm.

<b>Business Address:</b>	60 ST. MARY AXE LONDON, UK EC3A 8JQ
<b>Effective Date:</b>	09/30/2003
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	UK
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	THREADNEEDLE PORTFOLIO SERVICES LIMITED IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED, WHICH IS A WHOLLY OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

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#### THREADNEEDLE PENSIONS LIMITED is under common control with the firm.

<b>Business Address:</b>	60 ST MARY AXE
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## Firm Operations



### Organization Affiliates (continued)

	LONDON, UK EC3A 8JQ
<b>Effective Date:</b>	09/30/2003
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	UK
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	THREADNEEDLE PENSIONS LIMITED IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED, WHICH IS A WHOLLY OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

#### THREADNEEDLE INVESTMENT SERVICES LIMITED is under common control with the firm.

<b>Business Address:</b>	60 ST. MARY AXE LONDON, UK EC3A 8JQ
<b>Effective Date:</b>	09/30/2003
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	UK
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	THREADNEEDLE INVESTMENT SERVICES LIMITED IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED, WHICH IS A WHOLLY OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

#### THREADNEEDLE INTERNATIONAL LIMITED is under common control with the firm.

<b>Business Address:</b>	60 ST. MARY AXE LONDON, UK EC3A 8JQ
<b>Effective Date:</b>	09/30/2003
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	UK
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes

## Firm Operations



### Organization Affiliates (continued)

**Description:** THREADNEEDLE INTERNATIONAL LIMITED IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED, WHICH IS A WHOLLY OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

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**THREADNEEDLE NAVIGATOR ISA MANAGER LTD. is under common control with the firm.**

**Business Address:** 60 ST. MARY AXE  
LONDON, UK EC3A 8JQ

**Effective Date:** 09/30/2003

**Foreign Entity:** Yes

**Country:** UK

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** THREADNEEDLE NAVIGATOR ISA MANAGER LTD., F/K/A EAGLE STAR ISA MANAGER LTD., IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED, WHICH IS A WHOLLY OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

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**RIVERSOURCE LIFE INSURANCE CO. OF NEW YORK is under common control with the firm.**

**Business Address:** 20 MADISON AVENUE EXT.  
ALBANY, NY 12203

**Effective Date:** 07/10/1972

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** RIVERSOURCE LIFE INSURANCE CO. OF NEW YORK, F/K/A IDS LIFE INSURANCE COMPANY OF NY, A WHOLLY-OWNED SUBSIDIARY OF RIVERSOURCE LIFE INSURANCE COMPANY.

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**AMERICAN ENTERPRISE INVESTMENT SERVICES INC. is under common control with the firm.**

**CRD #:** 26506

**Business Address:** 50611 AMERIPRISE FINANCIAL CENTER  
MINNEAPOLIS, MN 55474

## Firm Operations



### Organization Affiliates (continued)

**Effective Date:** 04/13/1990

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** AMERICAN ENTERPRISE INVESTMENT SERVICES, INC. IS A SUBSIDIARY OF AMPF HOLDING CORPORATION, WHICH IS WHOLLY OWNED BY AMERIPRISE FINANCIAL, INC.

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**AMERIPRISE CERTIFICATE COMPANY is under common control with the firm.**

**Business Address:** 50611 AMERIPRISE FINANCIAL CENTER  
MINNEAPOLIS, MN 55474

**Effective Date:** 10/28/1977

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** AMERIPRISE CERTIFICATE COMPANY, F/K/A IDS CERTIFICATE COMPANY, A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

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**AMERIPRISE TRUST COMPANY is under common control with the firm.**

**Business Address:** 1200 NORTHSTAR WEST  
MINNEAPOLIS, MN 55440-0010

**Effective Date:** 02/01/1979

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL INC.



## Firm Operations



### Organization Affiliates (continued)

**COLUMBIA MANAGEMENT INVESTMENT ADVISERS, LLC is under common control with the firm.**

<b>CRD #:</b>	108257
<b>Business Address:</b>	225 FRANKLIN STREET BOSTON, MA 02110
<b>Effective Date:</b>	05/01/2010
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	COLUMBIA MANAGEMENT INVESTMENT ADVISERS, LLC (FORMERLY KNOWN AS RIVERSOURCE INVESTMENTS, LLC) IS A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

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**This firm is directly or indirectly, controlled by the following:**

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank

**AMERIPRISE FINANCIAL INC is a Bank Holding Company and controls the firm.**

<b>Business Address:</b>	707 SECOND AVE SOUTH MINNEAPOLIS, MN 55402
<b>Effective Date:</b>	05/06/2019
<b>Description:</b>	AMERIPRISE FINANCIAL, INC. IS A FINANCIAL HOLDING COMPANY AND SAVINGS AND LOAN HOLDING COMPANY AND IS THE PARENT COMPANY OF APPLICANT.

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## Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	<b>Pending</b>	<b>Final</b>	<b>On Appeal</b>
Regulatory Event	0	78	0
Civil Event	0	1	0
Arbitration	N/A	98	N/A



## Disclosure Event Details

### What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
  - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
  - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
  - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
    - § A "pending" event involves allegations that have not been proven or formally adjudicated.
    - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
    - § A "final" event has been concluded and its resolution is not subject to change.
  - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
    - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
    - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
    - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

### Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

### Disclosure 1 of 78

**Reporting Source:** Regulator

**Current Status:** Final



**Allegations:** AMERIPRISE'S FAILURE TO ENSURE THAT ITS CUSTOMERS INVESTING IN AIS SATISFIED THE NEW JERSEY PROSPECTUS SUITABILITY REQUIREMENTS CONSTITUTES A FAILURE TO REASONABLY SUPERVISE PURSUANT TO N.J.S.A. 49:3-58(A)(2)(XI). AMERIPRISE'S FAILURE TO ENSURE THAT ITS CUSTOMERS INVESTING IN AIS SATISFIED THE ISSUERS' PROSPECTUS SUITABILITY STANDARDS CONSTITUTES A FAILURE TO REASONABLY SUPERVISE PURSUANT TO N.J.S.A. 49:3-58(A)(2)(XI). AMERIPRISE'S FAILURE TO ENSURE THAT ITS CUSTOMERS INVESTING IN AIS SATISFIED AMERIPRISE'S WSPS CONSTITUTES A FAILURE TO REASONABLY SUPERVISE PURSUANT TO N.J.S.A. 49:3-58(A)(2)(XI). AMERIPRISE'S FAILURE TO CALCULATE CORRECTLY CUSTOMER'S LIQUID NET WORTH CONSTITUTES A FAILURE TO MAKE AND KEEP ACCURATE BOOKS AND RECORDS PURSUANT TO N.J.S.A. 49:3-59(B). AMERIPRISE'S FAILURE TO VERIFY CHANGES IN CUSTOMERS' FINANCIAL INFORMATION THAT ENABLED AL TRANSACTIONS TO BE COMPLETED CONSTITUTES A FAILURE TO MAKE AND KEEP ACCURATE BOOKS AND RECORDS PURSUANT TO N.J.S.A. 49:3-59(B). AMERIPRISE'S FAILURE TO DOCUMENT ACCURATELY AL TRANSACTIONS CONSTITUTES A FAILURE TO MAKE AND KEEP ACCURATE BOOKS AND RECORDS PURSUANT TO N.J.S.A. 49:3-59(B). PURSUANT TO N.J.S.A. 49:3-70.1, EACH VIOLATION OF THE SECURITIES LAW DESCRIBED ABOVE CONSTITUTES A BASIS FOR THE ASSESSMENT OF A CIVIL MONETARY PENALTY AGAINST AMERIPRISE.

**Initiated By:** NEW JERSEY BUREAU OF SECURITIES

**Date Initiated:** 10/05/2018

**Docket/Case Number:** NA

**URL for Regulatory Action:** [HTTPS://WWW.NJCONSUMERAFFAIRS.GOV/ACTIONS/AMERIPRISE\\_CONSENT\\_5OCTOBER2018.PDF](https://www.njconsumeraffairs.gov/actions/ameriprise_consent_5october2018.pdf)

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REAL ESTATE INVESTMENT TRUSTS ("REITS"), AND NON-TRADED BUSINESS DEVELOPMENT COMPANIES ("BDCS"), COLLECTIVELY "AIS".

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:**

**Resolution:** Consent

**Resolution Date:** 10/05/2018



**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?**

No

**Sanctions Ordered:**

Monetary/Fine \$375,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:**

BETWEEN 2010 AND 2015 ("RELEVANT TIME PERIOD"). AMERIPRISE SOLD SECURITIES IN AT LEAST TWENTY-THREE (23) DIFFERENT AI OFFERINGS, INCLUDING SEVENTEEN (17) NON-TRADED REITS AND SIX (6) NON-TRADED BDCS, IN APPROXIMATELY 8,147 TRANSACTIONS TO NEW JERSEY CUSTOMERS. THE AI TRANSACTIONS WERE COMPRISED OF: 5,812 NON-TRADED REIT TRANSACTIONS (71%); AND 2,335 NON-TRADED BDC TRANSACTIONS (28%). THESE AI TRANSACTIONS REPRESENTED APPROXIMATELY \$215,219,131 IN SALES TO APPROXIMATELY 3,535 NEW JERSEY CUSTOMERS. DURING THE RELEVANT TIME PERIOD, AMERIPRISE RECEIVED GROSS COMMISSIONS OF AT LEAST \$21 MILLION FROM SALES OF AIS BY AMERIPRISE AGENTS TO NEW JERSEY CUSTOMERS. THE BUREAU'S INVESTIGATION IDENTIFIED AT LEAST 65 AI TRANSACTIONS DURING THE RELEVANT TIME PERIOD THAT WERE UNSUITABLE FOR AMERIPRISE'S NEW JERSEY CUSTOMERS BECAUSE THE TRANSACTIONS VIOLATED EITHER THE SECURITIES' PROSPECTUS REQUIREMENT AND/OR AMERIPRISE'S OWN POLICIES.

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

NEW JERSEY BUREAU OF SECURITIES ("BUREAU"), AFTER REVIEWING 8,147 AI PURCHASES, ALLEGED THAT BETWEEN 2010 AND 2015 AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE"), PURSUANT TO N.J.S.A. 49:3-58(A)(2)(XI), FAILED TO REASONABLY SUPERVISE NEW JERSEY CUSTOMERS' PURCHASES OF AIS (65 TRANSACTIONS) TO ENSURE THE NEW JERSEY PROSPECTUS SUITABILITY REQUIREMENTS, THE ISSUERS' PROSPECTUS SUITABILITY STANDARDS, AND/OR AMERIPRISE'S WSPS WERE SATISFIED. BUREAU ALSO ALLEGED, PURSUANT TO N.J.S.A. 49:3-59(B), AMERIPRISE FAILED TO MAKE AND KEEP ACCURATE BOOKS AND RECORDS IN CALCULATING CUSTOMER'S LIQUID NET WORTH (298 INSTANCES), VERIFYING CHANGES IN CUSTOMERS' FINANCIAL INFORMATION THAT ENABLED AI TRANSACTIONS TO BE COMPLETED (12 INSTANCES), AND ACCURATELY DOCUMENTING AI



TRANSACTIONS (186 INSTANCES).

**Initiated By:** STATE OF NEW JERSEY BUREAU OF SECURITIES

**Date Initiated:** 10/05/2018

**Docket/Case Number:** NONE AVAILABLE

**Principal Product Type:** Other

**Other Product Type(s):** NON-TRADED REITS AND BDCS, COLLECTIVELY ALTERNATIVE INVESTMENTS ("AIS").

**Principal Sanction(s)/Relief Sought:** Cease and Desist

**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE PENALTY

**Resolution:** Consent

**Resolution Date:** 10/05/2018

**Sanctions Ordered:** Monetary/Fine \$375,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** \$375,000 WAS PAID TO THE NEW JERSEY BUREAU OF SECURITIES ON 10/5/2018 (BROKEN DOWN BETWEEN CIVIL MONETARY PENALTY IN THE AMOUNT OF \$150,000; INVESTIGATIVE COSTS IN THE AMOUNT OF \$150,000; AND A CONTRIBUTION TO THE BUREAU'S INVESTOR EDUCATION PROGRAM IN THE AMOUNT OF \$75,000).

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE CONSENTED TO THE ORDER.

## Disclosure 2 of 78

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE STATE OF NORTH CAROLINA ALLEGED THAT BETWEEN 2016 AND 2017, AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE") VIOLATED N.C. GEN. STAT. §78A-36(B) AND 18 NCAC 06A.1408(B), WHEN IT FAILED TO PROMPTLY NOTIFY THE STATE ADMINISTRATOR OF TERMINATION OF CERTAIN REGISTERED SALES PERSONS; 18NCAC 06A.1402(E) WHEN IT ALLOWED TWO OF ITS SALESPERSONS TO BE REGISTERED WITH MORE THAN ONE DEALER; AND N.C. GEN. STAT. §78A-39(A1)(2)(A) WHEN IT FAILED TO REASONABLY IMPLEMENT ITS WRITTEN SUPERVISORY PROCEDURES TO FACILITATE MAINTENANCE OF REGISTRATIONS IN COMPLIANCE WITH



	THE NORTH CAROLINA LAWS.
<b>Initiated By:</b>	NORTH CAROLINA DEPARTMENT OF THE SECRETARY OF STATE - SECURITIES DIVISION
<b>Date Initiated:</b>	09/06/2018
<b>Docket/Case Number:</b>	17SEC003
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	09/06/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$5,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	AMERIPRISE WAS ORDERED TO PAY THE SECURITIES DIVISION THE SUM OF \$25,000 AS REIMBURSEMENT FOR INVESTIGATIVE COSTS.
<b>Sanction Details:</b>	THE CIVIL PENALTY IN THE AMOUNT OF \$5,000, AND THE REIMBURSEMENT COST OF \$25,000 WAS PAID TO THE NORTH CAROLINA SECURITIES DIVISION ON SEPTEMBER 5, 2018.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE CONSENTED TO THE ORDER.

### Disclosure 3 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON OR ABOUT APRIL 20, 2018, AMERIPRISE FILED APPLICATIONS SEEKING REGISTRATION OF VINCENT PETRANGELO (CRD 2866580) AND DARYL DEVILLIER (CRD 4069344) AS BD AGENTS IN MASSACHUSETTS. PETRANGELO IS THE SUBJECT OF 7 CREDITOR COMPROMISES THAT WERE WRITTEN OFF, 2 JUDGMENT LIENS THAT WERE SATISFIED AND 5 CUSTOMER COMPLAINTS ALLEGING BREACH OF FIDUCIARY DUTY, CHURNING, UNAUTHORIZED TRADING AND SUITABILITY ISSUES. DEVILLIER IS THE SUBJECT OF 6 CUSTOMER COMPLAINTS ALLEGING UNAUTHORIZED TRADING, IMPROPER USE OF DISCRETION, SUITABILITY ISSUES, CHURNING, NEGLIGENCE, BREACH OF CONTRACT AND BREACH



OF FIDUCIARY DUTY. AS A RESULT OF THE ABOVE-STATED CRD DISCLOSURE INCIDENTS, AND PURSUANT TO THE UNDERTAKINGS, THE DIVISION IS PLACING CONDITIONS ON PETRANGELO'S AND DEVILLIER'S REGISTRATIONS AS BD AGENTS OF AMERIPRISE IN MASSACHUSETTS.

**Initiated By:** MASSACHUSETTS SECURITIES DIVISION

**Date Initiated:** 07/23/2018

**Docket/Case Number:** R-2018-0070: R-2018-0071

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Undertaking

**Other Sanction(s)/Relief Sought:**

**Resolution:** Order

**Resolution Date:** 07/23/2018

**Sanctions Ordered:**

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** AMERIPRISE SHALL SUPERVISE PETRANGELO AND DEVILLIER ON A HEIGHTENED BASIS. CONDITIONS ON THEIR REGISTRATIONS SHALL BE IN EFFECT FOR THREE YEARS FROM THE DATE OF ENTRY OF THE ORDER.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE CONSENTED TO THE REQUIREMENTS OF SUPERVISING THE AGENTS ON A HEIGHTENED BASIS AS OUTLINED IN THE UNDERTAKINGS.

#### Disclosure 4 of 78

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE STATE ALLEGED THAT BETWEEN JANUARY 1, 2008 AND DECEMBER 31, 2014 AMERIPRISE VIOLATED CALIFORNIA CODE OF REGULATIONS, TITLE 10, SECTIONS 260.218.2 AND 260.218.4 WHEN IT SOLD NON-TRADED REITS, THROUGH ITS CALIFORNIA REPRESENTATIVES, ON AT LEAST 90 OCCASIONS BY FAILING TO IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM FOR AND ENFORCING ITS WRITTEN PROCEDURES TO SUPERVISE THESE ACTIVITIES.

**Initiated By:** CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT





<b>Date Initiated:</b>	07/23/2018
<b>Docket/Case Number:</b>	NONE
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REAL ESTATE INVESTMENT TRUSTS (REITS)
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	AMERIPRISE WILL PAY \$115,000 TO THE STATE OF CALIFORNIA FOR INVESTIGATIVE COSTS OF THIS MATTER. AMERIPRISE WILL ALSO OFFER REMEDIATION TO 90 ELIGIBLE CALIFORNIA INVESTORS.
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	07/23/2018
<b>Sanctions Ordered:</b>	Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	REMEDATION OFFER TO INVESTORS AND PAYMENT OF STATE'S INVESTIGATIVE COSTS
<b>Sanction Details:</b>	COST OF THE INVESTIGATION (\$115,000) WAS PAID TO THE STATE OF CALIFORNIA ON AUGUST 1, 2018. IN ADDITION, AMERIPRISE WILL OFFER REMEDIATION TO 90 CALIFORNIA CLIENTS ACCORDING TO THE SCHEDULE SET BY THE STATE.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE CONSENTED TO THE SANCTIONS.

#### Disclosure 5 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>SEC ADMIN RELEASE 34-83848, IA RELEASE 40-4985 / AUGUST 15, 2018: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT") AGAINST AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE" OR "RESPONDENT").</p> <p>THE COMMISSION FINDS THAT THIS MATTER CONCERNS THE FAILURE OF AMERIPRISE, A DUALY-REGISTERED INVESTMENT ADVISER AND BROKER-DEALER, TO ADOPT AND IMPLEMENT POLICIES AND PROCEDURES REASONABLY DESIGNED TO SAFEGUARD RETAIL INVESTOR ASSETS</p>



AGAINST MISAPPROPRIATION BY THE FIRM'S REPRESENTATIVES. AMERIPRISE PROVIDES INVESTMENT ADVISORY AND BROKERAGE SERVICES TO ADVISORY CLIENTS AND BROKERAGE CUSTOMERS (TOGETHER, "THE CLIENTS") THROUGH A NATIONAL NETWORK OF APPROXIMATELY 9,700 REPRESENTATIVES.

FROM 2011 THROUGH 2014, AS PART OF ITS COMPLIANCE AND SUPERVISORY SYSTEMS, AMERIPRISE EMPLOYED CERTAIN AUTOMATED SURVEILLANCE TOOLS TO PREVENT AND DETECT WHETHER A REPRESENTATIVE MAY HAVE ENGAGED IN FRAUD BY MISAPPROPRIATING FUNDS FROM A CLIENT ACCOUNT. ONE SYSTEM DID NOT FUNCTION PROPERLY AND A SECOND FACED LIMITATIONS, THEREBY PREVENTING AMERIPRISE FROM DETECTING THE MISAPPROPRIATION OF OVER \$1 MILLION IN CLIENT FUNDS BY FIVE REPRESENTATIVES.

THE FIRST, KNOWN AS THE FRAUD EARLY DETECTION SYSTEM ("FEDS"), WAS INTENDED, AMONG OTHER THINGS, TO IDENTIFY SITUATIONS WHERE A REPRESENTATIVE ATTEMPTED TO CHANGE THE ADDRESS ASSOCIATED WITH A CLIENT'S ACCOUNT TO AN ADDRESS CONTROLLED BY THE REPRESENTATIVE (SUCH AS HIS HOME OR BUSINESS ADDRESS). AMERIPRISE CONSIDERED ATTEMPTS TO REPLACE A CLIENT'S ADDRESS WITH AN ADDRESS CONTROLLED BY A REPRESENTATIVE TO BE SUSPICIOUS AND INDICATIVE OF A POSSIBLE ATTEMPT TO IMPROPERLY GAIN CONTROL OF THE CLIENT'S ACCOUNT AND MISAPPROPRIATE FUNDS. HOWEVER, BECAUSE OF A TECHNICAL ERROR THAT WENT UNDETECTED UNTIL DECEMBER 2013, FEDS DID NOT FUNCTION PROPERLY.

THE SECOND, AN AUTOMATED TRANSACTION-BASED ANALYSIS TOOL (HEREINAFTER "ANALYSIS TOOL"), WAS INTENDED TO IDENTIFY, AMONG OTHER THINGS, SITUATIONS WHERE A REPRESENTATIVE ATTEMPTED TO DIRECT A CASH DISBURSEMENT FROM A CLIENT ACCOUNT TO AN ADDRESS CONTROLLED BY A REPRESENTATIVE. AMERIPRISE VIEWED SUCH A MONEY MOVEMENT AS AN INDICATOR THAT A REPRESENTATIVE COULD BE ENGAGED IN FRAUDULENT ACTIVITIES. HOWEVER, BECAUSE OF A LIMITATION IN ITS DESIGN, WITH RESPECT TO CASH DISBURSEMENTS VIA CHECK, THE ANALYSIS TOOL WAS UNABLE TO DETECT CERTAIN UNAUTHORIZED DISBURSEMENTS FROM CLIENT ACCOUNTS TO ADDRESSES ASSOCIATED WITH THE REPRESENTATIVE. IN ADDITION, THE ANALYSIS TOOL WAS NOT UTILIZED TO DETECT FRAUDULENT MONEY MOVEMENTS WHERE THE DISBURSEMENT WAS MADE BY WIRE TRANSFER. AMERIPRISE RELIED ON A MANUAL PROCESS TO DETECT WIRE TRANSFERS TO EXTERNAL ACCOUNTS CONTROLLED BY A REPRESENTATIVE. ON MULTIPLE OCCASIONS, AMERIPRISE DID NOT DETECT THE FRAUDULENT TRANSFER OF FUNDS FROM CLIENT ACCOUNTS TO DESTINATIONS THAT WERE CONTROLLED BY ITS REPRESENTATIVES.

THE FIVE REPRESENTATIVES AT ISSUE WERE TERMINATED BY



AMERIPRISE FOR MISAPPROPRIATING CLIENT FUNDS (THE "TERMINATED REPRESENTATIVES"). IN VIOLATION OF THEIR FIDUCIARY DUTIES UNDER THE ADVISERS ACT TO THEIR CLIENTS, THE TERMINATED REPRESENTATIVES COMMITTED NUMEROUS UNAUTHORIZED ACTS, INCLUDING FORGING CLIENT DOCUMENTATION, MAKING UNAUTHORIZED ADDRESS CHANGES, AND/OR SUBMITTING REQUESTS TO DISBURSE CLIENT FUNDS WITHOUT THEIR CLIENTS' KNOWLEDGE OR APPROVAL. AS A RESULT, AMERIPRISE VIOLATED SECTION 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 THEREUNDER, AND FAILED REASONABLY TO SUPERVISE THE TERMINATED REPRESENTATIVES WITH A VIEW TO PREVENTING AND DETECTING VIOLATIONS OF FEDERAL SECURITIES LAWS.

<b>Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	08/15/2018
<b>Docket/Case Number:</b>	3-18642
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	FUNDS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	08/15/2018
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	Yes
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$4,500,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	AMERIPRISE IS CENSURED AND ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 THEREUNDER. AMERIPRISE SHALL PAY A CIVIL PENALTY IN THE AMOUNT OF \$4,500,000 TO



## THE SECURITIES AND EXCHANGE COMMISSION.

### Regulator Statement

RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. AMERIPRISE WILLFULLY VIOLATED SECTION 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 THEREUNDER. AMERIPRISE FAILED REASONABLY TO SUPERVISE INDIVIDUALS WITHIN THE MEANING OF SECTION 15(B)(4)(E) OF THE EXCHANGE ACT AND SECTION 203(E)(6) OF THE ADVISERS ACT, WITH A VIEW TO PREVENTING AND DETECTING THE VIOLATIONS OF SECTIONS 206(1) AND 206(2) OF THE ADVISERS ACT AND SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER. IT IS ORDERED THAT AMERIPRISE IS CENSURED AND SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 THEREUNDER. AMERIPRISE SHALL PAY A CIVIL PENALTY IN THE AMOUNT OF \$4,500,000 TO THE SECURITIES AND EXCHANGE COMMISSION.

### Reporting Source:

Firm

### Current Status:

Final

### Allegations:

SEC ALLEGED THAT FROM 2011 THROUGH 2014 AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE") VIOLATED SECTION 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 THEREUNDER BY FAILING TO ADOPT AND IMPLEMENT POLICIES AND PROCEDURES REASONABLY DESIGNED TO SAFEGUARD RETAIL INVESTOR ASSETS AGAINST MISAPPROPRIATION BY THE FIRM'S REPRESENTATIVES, AND VIOLATED SECTION 203(E)(6) OF THE ADVISERS ACT AND SECTION 15(B)(4) OF THE SECURITIES EXCHANGE ACT BY FAILING TO REASONABLY SUPERVISE FIVE (5) REPRESENTATIVES WITH A VIEW TO PREVENTING AND DETECTING VIOLATIONS OF CERTAIN FEDERAL SECURITIES LAWS BY THESE REPRESENTATIVES.

### Initiated By:

SECURITIES AND EXCHANGE COMMISSION

### Date Initiated:

08/15/2018

### Docket/Case Number:

3-18642

### Principal Product Type:

Other

### Other Product Type(s):

FUNDS

### Principal Sanction(s)/Relief Sought:

Cease and Desist

### Other Sanction(s)/Relief Sought:



<b>Resolution:</b>	Order
<b>Resolution Date:</b>	08/15/2018
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$4,500,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	CIVIL PENALTY IN THE AMOUNT OF \$4,500,000 WHICH WAS PAID TO THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 21, 2018
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE CONSENTED TO THE SANCTIONS.

#### Disclosure 6 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE STATE ALLEGED THAT BETWEEN 2009 AND 2015 AMERIPRISE VIOLATED S.C. CODE ANN. § 35-1-412(D)(13) AND IN PARTICULAR, S. C. CODE OF REGULATIONS § 13-501(B)(6), BY FAILING TO REASONABLY SUPERVISE THREE AGENTS WHO ENGAGED IN DISHONEST AND UNETHICAL PRACTICES THROUGH RECOMMENDATIONS OF UNSUITABLE SECURITIES AND STRATEGIES TO THEIR CUSTOMERS AND THROUGH THE USE OF FICTITIOUS ACCOUNT INFORMATION IN ORDER TO EXECUTE TRANSACTIONS WHICH WOULD OTHERWISE BE PROHIBITED.
<b>Initiated By:</b>	SECURITIES COMMISSIONER OF SOUTH CAROLINA
<b>Date Initiated:</b>	06/28/2018
<b>Docket/Case Number:</b>	MATTER NOS. 2015793 AND 20167368
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	AMERIPRISE WILL PAY TO THE STATE OF CAROLINA A \$495,000 ADMINISTRATIVE FINE AND \$155,000 AS REIMBURSEMENT OF INVESTIGATIVE COSTS INCURRED BY THE STATE.
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	06/28/2018



<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$495,000.00
<b>Other Sanctions Ordered:</b>	REIMBURSEMENT OF THE STATE'S COST OF INVESTIGATION (\$155,000.
<b>Sanction Details:</b>	ADMINISTRATIVE FINE (\$495,000) AND COST OF INVESTIGATION (\$155,000) WERE PAID TO THE STATE OF SOUTH CAROLINA ON JUNE 28, 2018
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE CONSENTED TO THE SANCTIONS.

#### Disclosure 7 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>SEC ADMIN RELEASES 33-10462, 34-82792, IA RELEASE 40-4862 / FEBRUARY 28, 2018: THE SECURITIES AND EXCHANGE COMMISSION CONSIDERED IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE INSTITUTED AGAINST AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE" OR "RESPONDENT").</p> <p>ON THE BASIS OF THIS ORDER AND RESPONDENT'S OFFER, THE COMMISSION FINDS THAT AMERIPRISE DISADVANTAGED CERTAIN RETIREMENT PLAN CUSTOMERS ("ELIGIBLE CUSTOMERS") BY FAILING TO ASCERTAIN THAT THEY WERE ELIGIBLE FOR A LESS EXPENSIVE SHARE CLASS, AND RECOMMENDING AND SELLING THEM MORE EXPENSIVE SHARE CLASSES IN CERTAIN OPEN-END REGISTERED INVESTMENT COMPANIES ("MUTUAL FUNDS") WHEN LESS EXPENSIVE SHARE CLASSES WERE OFFERED TO THESE ELIGIBLE CUSTOMERS BY AMERIPRISE ON ITS PLATFORM. AMERIPRISE DID SO WITHOUT DISCLOSING THAT IT WOULD RECEIVE GREATER COMPENSATION FROM THE ELIGIBLE CUSTOMERS' PURCHASES OF THE MORE EXPENSIVE SHARE CLASSES. ELIGIBLE CUSTOMERS DID NOT HAVE SUFFICIENT INFORMATION TO UNDERSTAND THAT AMERIPRISE HAD A CONFLICT OF INTEREST RESULTING FROM COMPENSATION IT RECEIVED FOR SELLING THE MORE EXPENSIVE SHARE CLASSES. SPECIFICALLY, AMERIPRISE RECOMMENDED AND SOLD THESE ELIGIBLE CUSTOMERS CLASS A SHARES WITH AN UP-FRONT SALES CHARGE OR CLASS B OR CLASS C SHARES WITH A BACK-END CONTINGENT DEFERRED SALES CHARGE ("CDSC") (A DEFERRED SALES CHARGE THE PURCHASER PAYS IF THE PURCHASER SELLS THE SHARES DURING A SPECIFIED TIME PERIOD FOLLOWING THE PURCHASE) AND HIGHER ONGOING FEES AND EXPENSES, WHEN THESE ELIGIBLE CUSTOMERS WERE ELIGIBLE TO PURCHASE LOAD-WAIVED CLASS A SHARES. AMERIPRISE OMITTED MATERIAL INFORMATION CONCERNING ITS COMPENSATION WHEN IT RECOMMENDED THE MORE EXPENSIVE</p>



SHARE CLASSES TO THESE ELIGIBLE CUSTOMERS. BECAUSE AMERIPRISE DID NOT ASCERTAIN THESE CUSTOMERS' ELIGIBILITY FOR LOAD-WAIVED A SHARES, IT DID NOT DISCLOSE TO ELIGIBLE CUSTOMERS THAT THE PURCHASE OF THE MORE EXPENSIVE SHARE CLASSES WOULD NEGATIVELY IMPACT THEIR OVERALL RETURN, IN LIGHT OF THE DIFFERENT FEE STRUCTURES FOR THE DIFFERENT FUND SHARE CLASSES. IN MAKING THOSE RECOMMENDATIONS OF MORE EXPENSIVE SHARE CLASSES WHILE OMITTING MATERIAL FACTS, AMERIPRISE WILLFULLY VIOLATED SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT.

<b>Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	02/28/2018
<b>Docket/Case Number:</b>	3-18381
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	02/28/2018
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	Yes
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$230,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT; IS CENSURED; SHALL PAY A CIVIL MONEY PENALTY OF \$230,000.
<b>Regulator Statement</b>	IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE OFFER) WHICH THE COMMISSION HAS DETERMINED TO ACCEPT.



IN VIEW OF THE FOREGOING, THE COMMISSION DEEMS IT APPROPRIATE IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN THE RESPONDENT'S OFFER.

ACCORDINGLY, IT IS HEREBY ORDERED THAT RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT; IS CENSURED; SHALL PAY A CIVIL MONEY PENALTY OF \$230,000.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC ALLEGED THAT FROM JANUARY 2010 THROUGH JUNE 2015 AMERIPRISE DISADVANTAGED CERTAIN RETIREMENT PLAN CUSTOMERS ("ELIGIBLE CUSTOMERS") BY FAILING TO ASCERTAIN THAT THEY WERE ELIGIBLE FOR A LESS EXPENSIVE SHARE CLASS, AND RECOMMENDING AND SELLING THEM MORE EXPENSIVE SHARE CLASSES IN CERTAIN OPEN-END REGISTERED INVESTMENT COMPANIES ("MUTUAL FUNDS") WHEN LESS EXPENSIVE SHARE CLASSES WERE OFFERED TO THESE ELIGIBLE CUSTOMERS BY AMERIPRISE ON ITS PLATFORM. SEC FURTHER ALLEGED THAT AMERIPRISE DID SO WITHOUT DISCLOSING THAT IT WOULD RECEIVE GREATER COMPENSATION FROM THE ELIGIBLE CUSTOMERS' PURCHASES OF THE MORE EXPENSIVE SHARE CLASSES, AND THAT ELIGIBLE CUSTOMERS DID NOT HAVE SUFFICIENT INFORMATION TO UNDERSTAND THAT AMERIPRISE HAD A CONFLICT OF INTEREST RESULTING FROM COMPENSATION IT RECEIVED FOR SELLING THE MORE EXPENSIVE SHARE CLASSES. SEC ALLEGED THAT IN MAKING THOSE RECOMMENDATIONS OF MORE EXPENSIVE SHARE CLASSES WHILE OMITTING MATERIAL FACTS, AMERIPRISE WILLFULLY VIOLATED SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT.
<b>Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	02/28/2018
<b>Docket/Case Number:</b>	3-18381
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist




**Other Sanction(s)/Relief Sought:**

**Resolution:** Order

**Resolution Date:** 02/28/2018

**Sanctions Ordered:** Censure  
Monetary/Fine \$230,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** AMERIPRISE PAID A CIVIL MONEY PENALTY OF \$230,000 ON MARCH 6, 2018

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE CONSENTED TO THE SANCTIONS.

**Disclosure 8 of 78**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC ADMIN RELEASE 34-82244, IA RELEASE 40-4822 / DECEMBER 8, 2017: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT") AGAINST AMERIPRISE FINANCIAL SERVICES, INC. ("RESPONDENT" OR "AMERIPRISE").

THE COMMISSION FINDS THAT THIS MATTER ARISES FROM MISSTATEMENTS MADE BY REGISTERED INVESTMENT ADVISER AMERIPRISE TO CERTAIN OF ITS ADVISORY CLIENTS CONCERNING F-SQUARED INVESTMENTS, INC.'S ("FSQUARED") MATERIALLY INFLATED, AND HYPOTHETICAL AND BACK-TESTED, PERFORMANCE TRACK RECORD FOR ITS ALPHASECTOR STRATEGIES.

ALPHASECTOR STRATEGIES ARE SECTOR ROTATION STRATEGIES BASED ON AN ALGORITHM THAT YIELDS A "SIGNAL" INDICATING WHETHER TO BUY OR SELL NINE INDUSTRY EXCHANGE-TRADED FUNDS ("ETFs") THAT TOGETHER MADE UP THE INDUSTRIES IN THE S&P 500 INDEX. BETWEEN DECEMBER 2010 AND JANUARY 2015, AMERIPRISE ADVISED CLIENTS IN CERTAIN SEPARATELY MANAGED ACCOUNTS TO INVEST IN CERTAIN ALPHASECTOR STRATEGIES. AMERIPRISE'S ASSETS UNDER MANAGEMENT RELATING TO F-SQUARED'S ALPHASECTOR STRATEGIES GREW QUICKLY, WITH ASSETS UNDER MANAGEMENT INCREASING FROM



APPROXIMATELY \$11.6 MILLION AT THE END OF 2010 TO MORE THAN \$3.7 BILLION BY SEPTEMBER 30, 2013.

FROM DECEMBER 2010 THROUGH OCTOBER 2013, IN CERTAIN CLIENT PRESENTATIONS, MARKETING MATERIALS, AND OTHER COMMUNICATIONS, AMERIPRISE NEGLIGENTLY RELIED ON MISREPRESENTATIONS MADE BY F-SQUARED AND FALSELY STATED THAT: (A) THE ALPHASECTOR STRATEGIES HAD A HISTORY THAT DATED BACK TO APRIL 2001 AND HAD BEEN IN USE SINCE THEN; AND (B) THE TRACK RECORD HAD SIGNIFICANTLY OUTPERFORMED THE S&P 500 INDEX FROM APRIL 2001 TO SEPTEMBER 2008. IN FACT, NO F-SQUARED OR OTHER CLIENT ASSETS HAD TRACKED THE STRATEGY FROM APRIL 2001 THROUGH SEPTEMBER 2008. IN ADDITION, F-SQUARED MISCALCULATED THE HISTORICAL PERFORMANCE OF ALPHASECTOR FROM APRIL 2001 TO SEPTEMBER 2008 BY INCORRECTLY IMPLEMENTING SIGNALS IN ADVANCE OF WHEN SUCH SIGNALS ACTUALLY COULD HAVE OCCURRED. AS A RESULT OF THIS INACCURATE COMPILATION OF HISTORICAL DATA BY F-SQUARED, AMERIPRISE ADVERTISED THE ALPHASECTOR STRATEGIES BY USING HYPOTHETICAL AND BACK-TESTED HISTORICAL PERFORMANCE THAT WAS INFLATED SUBSTANTIALLY OVER WHAT PERFORMANCE WOULD HAVE BEEN IF F-SQUARED HAD APPLIED THE SIGNALS ACCURATELY. AMERIPRISE ALSO FAILED TO ADOPT AND IMPLEMENT WRITTEN COMPLIANCE POLICIES AND PROCEDURES REASONABLY DESIGNED TO PREVENT VIOLATIONS OF THE ADVISERS ACT AND THE RULES THEREUNDER, AS REQUIRED BY SECTION 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7. SPECIFICALLY, AMERIPRISE FAILED TO ADOPT AND IMPLEMENT POLICIES AND PROCEDURES REASONABLY DESIGNED TO ENSURE: (A) THE ACCURACY OF PERFORMANCE INFORMATION CONTAINED IN ADVERTISEMENTS THAT IT DIRECTLY OR INDIRECTLY PUBLISHED, CIRCULATED, OR DISTRIBUTED WHERE THE PERFORMANCE INFORMATION CAME FROM THIRD-PARTY SOURCES AND (B) THE RETENTION OF BOOKS AND RECORDS NECESSARY TO SUPPORT THE BASIS FOR PERFORMANCE INFORMATION IN ADVERTISEMENTS DIRECTLY OR INDIRECTLY PUBLISHED, CIRCULATED, OR DISTRIBUTED BY AMERIPRISE.

AMERIPRISE LIKewise FAILED TO MAKE AND KEEP TRUE, ACCURATE AND CURRENT RECORDS OR DOCUMENTS NECESSARY TO FORM THE BASIS FOR OR DEMONSTRATE THE CALCULATION OF THE PERFORMANCE OR RATE OF RETURNS THAT IT PUBLISHED, CIRCULATED, AND DISTRIBUTED, AS REQUIRED BY SECTION 204 OF THE ADVISERS ACT AND RULE 204-2(A)(16) THEREUNDER.

RESPONDENT WILLFULLY VIOLATED SECTIONS 204(A), 206(2), AND 206(4) OF THE ADVISERS ACT AND RULES 204- 2(A)(16), 206(4)-1(A)(5), AND 206(4)-7 THEREUNDER.

**Initiated By:**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION



**Date Initiated:** 12/08/2017

**Docket/Case Number:** 3-18301

**Principal Product Type:** Other

**Other Product Type(s):** EXCHANGE-TRADED FUNDS

**Principal Sanction(s)/Relief Sought:** Cease and Desist

**Other Sanction(s)/Relief Sought:**

**Resolution:** Order

**Resolution Date:** 12/08/2017

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** Yes

**Sanctions Ordered:** Censure  
Monetary/Fine \$1,750,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 204(A), 206(2), AND 206(4) OF THE ADVISERS ACT AND RULES 204-2(A)(16), 206(4)-1(A)(5), AND 206(4)-7 THEREUNDER. THE FIRM WAS ALSO ORDERED TO PAY DISGORGEMENT OF \$6.3 MILLION (\$6,300,000), PREJUDGMENT INTEREST OF \$700,000, AND A CIVIL PENALTY IN THE AMOUNT OF \$1.75 MILLION (\$1,750,000) TO THE SECURITIES AND EXCHANGE COMMISSION.

**Regulator Statement** RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. RESPONDENT WILLFULLY VIOLATED SECTIONS 204(A), 206(2), AND 206(4) OF THE ADVISERS ACT AND RULES 204- 2(A)(16), 206(4)-1(A)(5), AND 206(4)-7 THEREUNDER. IT IS ORDERED THAT THE FIRM SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 204(A), 206(2), AND 206(4) OF THE ADVISERS ACT AND RULES 204-2(A)(16), 206(4)-1(A)(5), AND 206(4)-7 THEREUNDER. THE FIRM IS ALSO CENSURED AND ORDERED TO PAY DISGORGEMENT OF



\$6.3 MILLION (\$6,300,000), PREJUDGMENT INTEREST OF \$700,000, AND A CIVIL PENALTY IN THE AMOUNT OF \$1.75 MILLION (\$1,750,000) TO THE SECURITIES AND EXCHANGE COMMISSION.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>SEC ALLEGED THAT FROM DECEMBER 2010 THROUGH OCTOBER 2013, IN CERTAIN CLIENT PRESENTATIONS, MARKETING MATERIALS, AND OTHER COMMUNICATIONS, AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE") NEGLIGENTLY RELIED ON MISREPRESENTATIONS MADE BY F-SQUARED INVESTMENTS, INC. ("F-SQUARED") AND FALSELY STATED THAT: (A) THE ALPHASECTOR ETF PORTFOLIOS HAD A HISTORY THAT DATED BACK TO APRIL 2001 AND HAD BEEN IN USE SINCE THEN; AND (B) THE TRACK RECORD HAD SIGNIFICANTLY OUTPERFORMED THE S&amp;P 500 INDEX FROM APRIL 2001 TO SEPTEMBER 2008. SEC FURTHER ALLEGED THAT AMERIPRISE ADVERTISED THE ALPHASECTOR ETF PORTFOLIOS BY USING HYPOTHETICAL AND BACK-TESTED HISTORICAL PERFORMANCE THAT WAS INFLATED SUBSTANTIALLY OVER WHAT PERFORMANCE WOULD HAVE BEEN IF F-SQUARED HAD APPLIED ITS SIGNALS ACCURATELY, AND THAT AMERIPRISE FAILED TO ADOPT AND IMPLEMENT WRITTEN COMPLIANCE POLICIES AND PROCEDURES REASONABLY DESIGNED TO PREVENT VIOLATIONS OF THE ADVISERS ACT AND THE RULES THEREUNDER, AS REQUIRED BY SECTION 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7.</p>
<b>Initiated By:</b>	SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	12/08/2017
<b>Docket/Case Number:</b>	3-18301
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	EXCHANGE-TRADED FUNDS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	12/08/2017
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$1,750,000.00



Disgorgement/Restitution  
Cease and Desist/Injunction

#### Other Sanctions Ordered:

#### Sanction Details:

DISGORGEMENT AMOUNT OF \$6.3 MILLION (\$6,300,000) PLUS PREJUDGMENT INTEREST OF \$700,000, AND CIVIL PENALTY AMOUNT OF \$1.75 MILLION (\$1,750,000), WERE PAID TO THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER 22, 2017, WHICH WAS WITHIN 10 BUSINESS DAYS OF THE ENTRY OF THE ORDER.

#### Firm Statement

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE CONSENTED TO THE SANCTIONS.

### Disclosure 9 of 78

#### Reporting Source:

Regulator

#### Current Status:

Final

#### Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT THE FIRM EFFECTED 23 MUNICIPAL BOND TRANSACTIONS IN AMOUNTS BELOW THE MINIMUM DENOMINATION SET FOR THE BONDS. THE FINDINGS ALSO STATED THAT IN EIGHT OF THE ABOVE TRANSACTIONS CONCERNING TWO SECURITIES, THE FIRM ALSO RECOMMENDED AND SOLD SECURITIES TO CUSTOMERS WHO WERE NOT QUALIFIED INSTITUTIONAL BUYERS (QIBS), AS DEFINED IN RULE 144A OF THE SECURITIES ACT OF 1933, EVEN THOUGH THE OFFICIAL STATEMENTS FOR SUCH SECURITIES EXPLICITLY LIMITED THEIR SALE/RESALE TO QIBS, BECAUSE THE FIRM WAS UNAWARE OF SUCH SALES RESTRICTIONS IN THE OFFICIAL STATEMENTS. BY LACKING AWARENESS OF SUCH A MATERIAL FACT ABOUT SUCH SECURITIES DUE TO ITS FAILURE TO REVIEW SUCH OFFICIAL STATEMENTS, THE FIRM FAILED TO EXERCISE REASONABLE DILIGENCE TO FORM A REASONABLE BASIS TO BELIEVE THAT THE RECOMMENDED TRANSACTIONS WERE SUITABLE UNDER THE "REASONABLE-BASIS" OBLIGATIONS OF MSRB'S SUITABILITY REQUIREMENTS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO DISCLOSE TO CUSTOMERS AT OR PRIOR TO THE TIME OF THE TRADE THAT THE TRANSACTION WAS BEING EFFECTED IN AN AMOUNT BELOW THE MINIMUM DENOMINATION, OF THE ABOVE SALES RESTRICTION, AND THE POTENTIAL ADVERSE EFFECT ON LIQUIDITY OF A CUSTOMER POSITION BELOW THE MINIMUM DENOMINATION. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE MSRB RULES, CONCERNING COMPLIANCE WITH THE MINIMUM DENOMINATION



REQUIREMENTS OF MSRB RULE G-15(F) AND FAILED TO HAVE SUFFICIENT SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH MSRB SUITABILITY REQUIREMENTS.

<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	10/13/2017
<b>Docket/Case Number:</b>	<a href="#">2015046583001</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	MUNICIPAL BOND TRANSACTIONS
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	10/13/2017
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$45,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$45,000. FINES PAID IN FULL ON OCTOBER 27, 2017.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FINRA ALLEGED THE FIRM EFFECTED 23 MUNICIPAL BOND TRANSACTIONS IN AMOUNTS BELOW THE MINIMUM DENOMINATION SET FOR THE BONDS. FINRA ALSO ALLEGED IN EIGHT OF THE 23 TRANSACTIONS CONCERNING TWO SECURITIES, THE FIRM RECOMMENDED AND SOLD SECURITIES TO CUSTOMERS WHO WERE NOT QUALIFIED INSTITUTIONAL BUYERS (QIBS), AS DEFINED IN RULE 144A OF THE SECURITIES ACT OF 1933 WHILE THE OFFICIAL STATEMENTS FOR THE TWO SECURITIES EXPLICITLY LIMITED THEIR SALE/RESALE TO QIBS; FINRA THUS ALLEGED THE TRANSACTIONS



WERE UNSUITABLE UNDER THE "REASONABLE-BASIS" OBLIGATIONS OF MSRB'S SUITABILITY REQUIREMENTS. FINRA ALSO ALLEGED THE FIRM FAILED TO DISCLOSE TO CUSTOMERS AT OR PRIOR TO THE TIME OF THE TRADE THAT THE TRANSACTIONS WERE EFFECTED IN AN AMOUNT BELOW THE MINIMUM DENOMINATION, OF THE ABOVE SALES RESTRICTIONS, AND OF THE POTENTIAL ADVERSE EFFECT ON LIQUIDITY OF A CUSTOMER POSITION BELOW THE MINIMUM DENOMINATION. FINRA ALSO ALLEGED THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH MINIMUM DENOMINATION REQUIREMENTS AND FAILED TO HAVE SUFFICIENT SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH MSRB SUITABILITY REQUIREMENTS.

<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	10/13/2017
<b>Docket/Case Number:</b>	20150465830-01
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	MUNICIPAL BOND TRANSACTIONS
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	10/13/2017
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$45,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$45,000 WHICH WAS PAID ON OCTOBER 25, 2017.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING FINRA'S FINDINGS, AFSI ENTERED INTO AN AWC WITH FINRA, RESOLVING THIS MATTER.

#### Disclosure 10 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	APPLICANT VIOLATED NORTH CAROLINA GENERAL STATUTE § 58-33-46(A)(2) BY FAILING TO TIMELY REPORT AN ADMINISTRATIVE ACTION



TAKEN BY ANOTHER JURISDICTION.

**Initiated By:** NORTH CAROLINA DEPARTMENT OF INSURANCE

**Date Initiated:** 03/02/2017

**Docket/Case Number:** CORPORATE LICENSE 1000001922

**Principal Product Type:** Other

**Other Product Type(s):** INSURANCE AGENCY LICENSURE

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:**

**Resolution:** Other

**Resolution Date:** 03/24/2017

**Sanctions Ordered:** Monetary/Fine \$500.00

**Other Sanctions Ordered:**

**Sanction Details:** \$500.00 FINE PAID ON 03/10/2017

**Firm Statement** APPLICANT FAILED TO TIMELY REPORT AN ADMINISTRATIVE ACTION.  
NORTH CAROLINA DEPARTMENT OF INSURANCE FINED APPLICANT \$500.00  
WHICH WAS PAID ON MARCH 10, 2017.

#### Disclosure 11 of 78

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** APPLICANT VIOLATED 18 DEL. C. § 1719 BY FAILING TO TIMELY REPORT AN ADMINISTRATIVE ACTION TAKEN BY ANOTHER JURISDICTION.

**Initiated By:** DELAWARE DEPARTMENT OF INSURANCE

**Date Initiated:** 11/03/2016

**Docket/Case Number:** 3308

**Principal Product Type:** Other

**Other Product Type(s):** INSURANCE AGENCY LICENSURE

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)





<b>Other Sanction(s)/Relief Sought:</b>	CEASE AND DESIST
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	12/06/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$500.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	\$500 FINE PAID ON 12/02/2016.
<b>Firm Statement</b>	APPLICANT FAILED TO TIMELY REPORT AN ADMINISTRATIVE ACTION. DELAWARE DEPARTMENT OF INSURANCE FINED APPLICANT \$500.00 WHICH WAS PAID ON DECEMBER 2, 2016.

#### Disclosure 12 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	OKLAHOMA INSURANCE DEPARTMENT ALLEGED THAT THE APPLICANT FAILED TO REPORT AN ADMINISTRATIVE ACTION ON ITS LICENSING APPLICATION AND FAILED TO TIMELY REPORT AN ADMINISTRATIVE ACTION IN VIOLATION OF 36 O.S. 1435.13(A)(1) AND 36 O.S. 1435.18(A).
<b>Initiated By:</b>	OKLAHOMA INSURANCE COMMISSIONER
<b>Date Initiated:</b>	10/12/2016
<b>Docket/Case Number:</b>	16-0081-DEN
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	INSURANCE AGENCY LICENSURE
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	\$500.00 FINE
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	11/09/2016
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$500.00
<b>Other Sanctions Ordered:</b>	



<b>Sanction Details:</b>	APPLICANT PAID \$500.00 FINE ON 11/09/2016.
<b>Firm Statement</b>	APPLICANT FAILED TO TIMELY REPORT AN ADMINISTRATIVE ACTION. THE OKLAHOMA INSURANCE COMMISSIONER CENSURED AND FINED THE APPLICANT \$500.00 WHICH WAS PAID ON 11/09/2016.

#### Disclosure 13 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	LOUISIANA DEPARTMENT OF INSURANCE ALLEGED THAT THE APPLICANT FAILED TO TIMELY REPORT AN ADMINISTRATIVE ACTION AND FAILED TO DISCLOSE AN ADMINISTRATIVE ACTION ON A LICENSING APPLICATION IN VIOLATION OF LA. R.S. 22:1563(A) AND LA. R.S. 22:1554(A)(2).
<b>Initiated By:</b>	LOUISIANA DEPARTMENT OF INSURANCE
<b>Date Initiated:</b>	05/24/2016
<b>Docket/Case Number:</b>	2016-5514-INS
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	INSURANCE AGENCY LICENSURE
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Other
<b>Resolution Date:</b>	06/28/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$100.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	APPLICANT PAID \$100 FINE ON 06/27/1026.
<b>Firm Statement</b>	APPLICANT FAILED TO TIMELY REPORT AN ADMINISTRATIVE ACTION AND FAILED TO DISCLOSE AN ADMINISTRATIVE ACTION ON A LICENSING APPLICATION. LOUISIANA DEPARTMENT OF INSURANCE FINED APPLICANT \$100 WHICH WAS PAID ON 06/27/2016.

#### Disclosure 14 of 78

<b>Reporting Source:</b>	Regulator
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<b>Current Status:</b>	Final
<b>Allegations:</b>	N/A
<b>Initiated By:</b>	FLORIDA OFFICE OF FINANCIAL REGULATION
<b>Date Initiated:</b>	08/09/2016
<b>Docket/Case Number:</b>	62591-S
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	08/09/2016
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$40,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	N/A
<b>Sanction Details:</b>	8/9/2016 - \$40,000 ADMINISTRATIVE FINE PAID IN FULL.
<b>Regulator Statement</b>	ON AUGUST 9, 2016, THE OFFICE OF FINANCIAL REGULATION ENTERED A FINAL ORDER ADOPTING THE STIPULATION AND CONSENT AGREEMENT AGAINST AMERIPRISE FINANCIAL SERVICES, INC. AMERIPRISE FINANCIAL SERVICES, INC., ACCEPTS AND CONSENTS WITHOUT ADMITTING OR DENYING THE FINDINGS BY THE OFFICE. THE OFFICE FOUND THAT AMERIPRISE FINANCIAL SERVICES, INC., FAILED TO MAINTAIN AND ENFORCE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES PERTAINING TO REGISTERED REPRESENTATIVES' ADVERTISING PRACTICE. AMERIPRISE FINANCIAL SERVICES, INC., AGREED TO PAY A \$40,000 ADMINISTRATIVE FINE.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FLORIDA OFFICE OF FINANCIAL REGULATION ("OFFICE") ALLEGED THAT AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE") VIOLATED RULE 69W-600.13(1)(H)1., F.A.C. AND NASD RULES 3010(B)(1) AND 3010(C) BY FAILING TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES TO ENSURE A SUPERVISOR TIMELY REVIEWED AND APPROVED A MONTHLY FORM CONCERNING ADVERTISING PRACTICES FOR A MONTH AND NOT DETECTING IMPROPER FORMS WHEN CONDUCTING AN INSPECTION OF THE BRANCH. THE OFFICE ALLEGED THAT NICHOLAS VIZZI ("VIZZI") VIOLATED 69W-600.013(2)(H), F.A.C. AND FINRA RULE 2010 BY IMPROPERLY REVIEWING AND APPROVING FORMS IN HIS SUPERVISORY ROLE.
<b>Initiated By:</b>	FLORIDA OFFICE OF FINANCIAL REGULATION
<b>Date Initiated:</b>	08/09/2016
<b>Docket/Case Number:</b>	OFR 2016-406
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	ADMINISTRATIVE PENALTIES AND SUSPENSION
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	08/09/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$40,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	VIZZI WILL PAY AN ADMINISTRATIVE FINE OF \$7,500 AND WILL CEASE AND DESIST FROM ENGAGING IN ANY SECURITIES SUPERVISORY OR PRINCIPAL CAPACITY, WITH AMERIPRISE, FOR TWO YEARS.
<b>Sanction Details:</b>	AMERIPRISE WILL PAY AN ADMINISTRATIVE FINE OF \$40,000. VIZZI WILL PAY AN ADMINISTRATIVE FINE OF \$7,500 AND CANNOT ACT AS A SUPERVISOR OR PRINCIPAL FOR TWO YEARS WITH AMERIPRISE. BOTH FINES WERE PAID ON 06/22/2016.
<b>Firm Statement</b>	AFSI ENTERED INTO A STIPULATION AND CONSENT AGREEMENT WITH THE OFFICE ON 08/05/2016. THE OFFICE ISSUED AN ORDER ON 08/09/2016 RESOLVING THE MATTER.

## Disclosure 15 of 78

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SYSTEM AND PROCEDURES THAT WERE REASONABLY DESIGNED TO SUPERVISE ITS REGISTERED REPRESENTATIVES' SALES OF CLOSED END FUNDS (CEFS) TO THEIR CUSTOMERS. THE FINDINGS STATED THAT DESPITE BEING AWARE THAT CEFS PURCHASED AT THE INITIAL PUBLIC OFFERING (IPO) WERE MOST SUITABLE FOR LONG-TERM INVESTMENTS, AND THAT THE SALES CHARGES APPLIED TO PURCHASES AT THE IPO MADE SHORT-TERM TRADING OF THESE CEFS GENERALLY UNSUITABLE, THE FIRM DID NOT HAVE A SYSTEM AND PROCEDURES REASONABLY DESIGNED TO DETECT AND PREVENT POTENTIALLY HARMFUL SHORT-TERM TRADING OF CEFS. AS A RESULT, THE FIRM FAILED TO DETECT AND PREVENT AT LEAST ONE OF ITS REGISTERED REPRESENTATIVES FROM ENGAGING IN A PATTERN OF UNSUITABLE SHORT-TERM TRADING OF CEFS PURCHASED AT THE IPO. THE FINDINGS ALSO STATED THAT A FORMER REGISTERED REPRESENTATIVE AT THE FIRM ENGAGED IN A PATTERN OF RECOMMENDING SHORT-TERM TRADING OF CEFS AT THE IPO IN CONNECTION WITH AT LEAST SIXTEEN CUSTOMER ACCOUNTS. ON TWO OCCASIONS, THE REGISTERED REPRESENTATIVE'S ACTIVITY WAS FLAGGED BY THE FIRM'S CENTRALIZED SUPERVISION UNIT (CSU), WHICH WAS A GROUP OF REGISTERED PRINCIPALS RESPONSIBLE FOR REVIEWING TRADING AND DETERMINING DISCIPLINE. HOWEVER, ON EACH OCCASION, NO DEMONSTRABLE ACTION WAS TAKEN, AS THE CSU REGISTERED PRINCIPALS' ATTEMPTS AT ESCALATION WERE NOT PROPERLY ACTED UPON, INDICATING THAT THE FIRM WAS NOT ADEQUATELY SUPERVISING THIS TYPE OF TRANSACTION. THE FINDINGS ALSO INCLUDED THAT A CSU REGISTERED PRINCIPAL AGAIN FLAGGED THE REGISTERED REPRESENTATIVE'S ACTIVITY, AND THIS TIME AN INVESTIGATION OF THE REGISTERED REPRESENTATIVE'S RECOMMENDATIONS OF CEFS WAS UNDERTAKEN. THAT INVESTIGATION ULTIMATELY LED TO THE REGISTERED REPRESENTATIVE'S TERMINATION. FINRA FOUND THAT THE FIRM DID NOT UTILIZE ANY SURVEILLANCE REPORTS DESIGNED TO HIGHLIGHT OR DETECT PATTERNS OF SHORT-TERM TRADING OR SWITCHING OF CEFS. WHILE CSU REGISTERED PRINCIPALS GENERALLY REVIEWED CEF IPO TRANSACTIONS, AND HAD THE ABILITY TO ESTABLISH FILTERS IN THE SUPERVISORY REVIEW TOOL FOR PURPOSES OF DETECTING POTENTIALLY UNSUITABLE PATTERNS, USE OF THESE FILTERS WAS NOT REQUIRED. THE FIRM FAILED TO



ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS RELATING TO THE SUITABILITY OF SHORT-TERM TRADING OF CEFS AT THE IPO.

**Initiated By:** FINRA

**Date Initiated:** 06/20/2016

**Docket/Case Number:** [2014039843501](#)

**Principal Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 06/20/2016

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$100,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$100,000. FINE PAID IN FULL ON JULY 14, 2016.

**Regulator Statement** IN DETERMINING THE APPROPRIATE SANCTIONS, FINRA CONSIDERED THAT THE FIRM ULTIMATELY IDENTIFIED THE PATTERN OF SHORT-TERM TRADING BY THE REGISTERED REPRESENTATIVE, CONDUCTED AN INTERNAL INVESTIGATION AND PROMPTLY TERMINATED HIM. FOLLOWING THE INVESTIGATION AND TERMINATION, THE FIRM ENHANCED ITS SUPERVISORY SYSTEM AND CREATED A SURVEILLANCE REPORT TO AID REGISTERED PRINCIPALS IN SUPERVISING CEF TRANSACTIONS.

**Reporting Source:** Firm



<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, AND BASED ON FINDINGS ASSOCIATED WITH A SINGLE REPRESENTATIVE, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH AND MAINTAIN A SYSTEM AND PROCEDURES THAT WERE REASONABLY DESIGNED TO SUPERVISE THE SUITABILITY OF SHORT-TERM TRANSACTIONS OF CLOSED END FUNDS (CEFS) PURCHASED AT THE INITIAL PUBLIC OFFERING
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	06/20/2016
<b>Docket/Case Number:</b>	<a href="#">2014039843501</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	CLOSED END FUNDS
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	\$100,000 FINE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	06/20/2016
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$100,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$100,000.
<b>Firm Statement</b>	IN DETERMINING THE APPROPRIATE SANCTIONS, FINRA CONSIDERED THAT THE FIRM ULTIMATELY IDENTIFIED THE PATTERN OF SHORT-TERM TRADING BY THE REGISTERED REPRESENTATIVE, CONDUCTED AN INTERNAL INVESTIGATION AND PROMPTLY TERMINATED HIM. FOLLOWING THE INVESTIGATION AND TERMINATION, THE FIRM ENHANCED ITS SUPERVISORY SYSTEM AND CREATED A SURVEILLANCE REPORT TO AID REGISTERED PRINCIPALS IN SUPERVISING CEF TRANSACTIONS.

#### Disclosure 16 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	AFSI AGENT RICHARD EWING WAS NOT LICENSED IN NH WHEN HE GAVE



ADVICE TO ONE CLIENT LIVING IN CAMPTON NH PART OF THE YEAR.  
EWING LIVES AND WORKS IN FLORIDA AND THE CLIENT TRAVELS TO  
FLORIDA PARTS OF THE YEAR.

**Initiated By:** NEW HAMPSHIRE  
SECURITIES REGULATION

**Date Initiated:** 06/16/2016

**Docket/Case Number:** COM2015-0001

**URL for Regulatory Action:**

**Principal Product Type:** Other

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Restitution

**Other Sanction(s)/Relief Sought:** FINE, COSTS, BACK FEES.

**Resolution:** Consent

**Resolution Date:** 06/16/2016

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Monetary/Fine \$15,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** RESTITUTION AMOUNT WAS \$46,257.61. COSTS WERE \$15,000.00 AND BACK FEES \$800.00. SANCTIONS WERE ASSESSED JOINTLY AGAINST RICHARD EWING CRD#3189321.

**Sanction Details:** SAME AS ABOVE.

**Regulator Statement** SAME AS ABOVE.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE BUREAU FOUND AFSI ADVISOR RICHARD EWING WAS NOT LICENSED IN NEW HAMPSHIRE WHEN HE GAVE ADVICE TO ONE CLIENT. CLIENT RESIDED IN NEW HAMPSHIRE PART OF THE YEAR. EWING WORKS IN





FLORIDA AND THE CLIENT RESIDES TO FLORIDA PARTS OF THE YEAR.

**Initiated By:** NEW HAMPSHIRE BUREAU OF SECURITIES REGULATION ("BUREAU")

**Date Initiated:** 06/16/2016

**Docket/Case Number:** COM2015-0001

**Principal Product Type:** Other

**Other Product Type(s):** INVESTMENT ADVICE

**Principal Sanction(s)/Relief Sought:** Restitution

**Other Sanction(s)/Relief Sought:** FINE, COSTS, BACK FEES

**Resolution:** Consent

**Resolution Date:** 06/16/2016

**Sanctions Ordered:** Monetary/Fine \$15,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** RESTITUTION AMOUNT WAS \$46,257.61. COSTS WERE \$15,000.00 AND BACK FEES \$800.00. SANCTIONS WERE ASSESSED JOINTLY AGAINST RICHARD EWING CRD#3189321.

**Sanction Details:** SAME AS ABOVE. SANCTIONS PAID 6/27/2016.

**Firm Statement** ACTION CLOSED 06/16/2016. DISPOSITION TERMS AND DATES STATED ABOVE.

#### Disclosure 17 of 78

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FLORIDA DEPARTMENT OF FINANCIAL SERVICES ALLEGED THAT APPLICANT FAILED TO TIMELY FILE APPLICATION FOR INSURANCE AGENCY LICENSE WITH THE DEPARTMENT AS REQUIRED BY FLORIDA INS. STAT. SECT. 626.112(7)(A).

**Initiated By:** FLORIDA DEPARTMENT OF FINANCIAL SERVICES

**Date Initiated:** 04/07/2016

**Docket/Case Number:** 189737-16-AG

**Principal Product Type:** Other



<b>Other Product Type(s):</b>	INSURANCE AGENCY LICENSURE
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	04/25/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	APPLICANT AGREED TO PAY A \$500.00 ADMINISTRATIVE PENALTY. PAYMENT WAS MADE APRIL 26, 2016. NO PORTION OF THE PENALTY WAS WAIVED.
<b>Firm Statement</b>	APPLICANT ENTERED INTO SETTLEMENT STIPULATION FOR CONSENT ORDER WITH THE DEPARTMENT ON APRIL 7, 2016. THE DEPARTMENT ISSUED AN ORDER ON APRIL 25, 2016 RESOLVING THE MATTER. APPLICANT SUBSEQUENTLY PAID THE ADMINISTRATIVE PENALTY OF \$500 ON APRIL 26, 2016, WITHIN THE REQUIRED TIMEFRAME PRESCRIBED BY THE DEPARTMENT (30 DAYS).

#### Disclosure 18 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO DETECT AND PREVENT THE CONVERSION, VIA WIRE TRANSFERS, OF MORE THAN \$370,000 FROM ITS CUSTOMERS INTO A BANK ACCOUNT CONTROLLED BY ONE OF ITS REGISTERED REPRESENTATIVES, WHO USED THE CONVERTED FUNDS IN ORDER TO PAY HIMSELF AN ADDITIONAL SALARY, COMMISSIONS THAT HE HAD NOT EARNED, AND TO OTHERWISE TAKE MONEY TO WHICH HE WAS NOT ENTITLED. THE FINDINGS STATED THAT THE CONVERSION WENT UNDETECTED FOR TWO YEARS BECAUSE IT FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ADEQUATELY REVIEW AND MONITOR THE TRANSMITTAL OF FUNDS FROM ACCOUNTS OF THE FIRM'S CUSTOMERS TO THIRD PARTIES VIA WIRE TRANSFERS, INCLUDING THOSE CONTROLLED BY REGISTERED REPRESENTATIVES OF THE FIRM. THE FINDINGS ALSO STATED THE FIRM FAILED TO OBSERVE AND RESPOND TO



NUMEROUS RED FLAGS WHEN PROCESSING THE WIRE TRANSFER REQUESTS.

**Initiated By:** FINRA

**Date Initiated:** 09/14/2016

**Docket/Case Number:** [2014040269301](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/14/2016

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$850,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$850,000.  
FINE PAID IN FULL ON OCTOBER 5, 2016.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO DETECT AND PREVENT THE CONVERSION, VIA WIRES, OF MORE THAN \$370,000 FROM CUSTOMERS (WHO WERE FAMILY MEMBERS OF THE REGISTERED REPRESENTATIVE) BY ONE OF ITS REGISTERED REPRESENTATIVES. THE CONVERSION WENT UNDETECTED FOR TWO YEARS BECAUSE THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ADEQUATELY REVIEW AND



MONITOR THE TRANSMITTAL OF FUNDS FROM ACCOUNTS OF CUSTOMERS TO THIRD PARTIES, INCLUDING THOSE CONTROLLED BY REGISTERED REPRESENTATIVES OF THE FIRM.

**Initiated By:** FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA")

**Date Initiated:** 09/14/2016

**Docket/Case Number:** [2014040269301](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/14/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$850,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$850,000.

**Firm Statement** FINAL

#### Disclosure 19 of 78

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** S-14-1575-15-SC01  
ON FEBRUARY 23, 2016, THE SECURITIES DIVISION ENTERED A STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST, TO IMPOSE FINES, SUSPEND SECURITIES SALESPERSON REGISTRATION, AND TO CHARGE COSTS ("STATEMENT OF CHARGES") AGAINST LORI COUSINEAU WEAVER ("COUSINEAU WEAVER") AND HER FORMER FIRM, AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE")(COLLECTIVELY, "RESPONDENTS").

THE STATEMENT OF CHARGES ALLEGES THAT THE RESPONDENTS AND OFFERED AND SOLD NON-TRADED REAL ESTATE INVESTMENT TRUSTS ("REITS") TO CUSTOMERS, INCLUDING MANY SENIOR CITIZENS, THROUGH



UNSUITABLE RECOMMENDATIONS AND FAILED TO DISCLOSE COMPLETE INFORMATION REGARDING THE FEES, COMMISSIONS, AND ILLIQUIDITY OF THESE PRODUCTS. THE SECURITIES DIVISION FURTHER ALLEGES THAT AMERIPRISE FAILED TO ADEQUATELY SUPERVISE COUSINEAU WEAVER.

THE STATEMENT OF CHARGES GIVES NOTICE OF THE SECURITIES DIVISION'S INTENT TO SUSPEND COUSINEAU WEAVER'S SECURITIES SALESPERSON REGISTRATION, AND TO IMPOSE FINES AND CHARGE COSTS. THE RESPONDENTS HAVE THE RIGHT TO REQUEST A HEARING ON THE STATEMENT OF CHARGES.

<b>Initiated By:</b>	WASHINGTON
<b>Date Initiated:</b>	02/23/2016
<b>Docket/Case Number:</b>	S-14-1575-15-SC01    S-14-1575-16-CO02
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	FINES & COSTS
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	05/18/2016
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$40,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	COSTS \$15000.00
<b>Sanction Details:</b>	CEASE & DESIST
<b>Regulator Statement</b>	S-14-1575-16-CO02 ON MAY 18, 2016, THE SECURITIES DIVISION ENTERED INTO A CONSENT ORDER WITH AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE"). THE SECURITIES DIVISION PREVIOUSLY ENTERED A STATEMENT OF CHARGES AGAINST AMERIPRISE ON FEBRUARY 23, 2016. THE STATEMENT OF CHARGES ALLEGED THAT AMERIPRISE AND OFFERED AND SOLD NON-



TRADED REAL ESTATE INVESTMENT TRUSTS ("REITS") TO CUSTOMERS, INCLUDING MANY SENIOR CITIZENS, THROUGH UNSUITABLE RECOMMENDATIONS AND FAILED TO DISCLOSE COMPLETE INFORMATION REGARDING THE FEES, COMMISSIONS, AND ILLIQUIDITY OF THESE PRODUCTS. THE SECURITIES DIVISION FURTHER ALLEGES THAT AMERIPRISE FAILED TO ADEQUATELY SUPERVISE LORI COUSINEAU WEAVER, WHO WAS FORMERLY A SECURITIES SALESPERSON AT THE FIRM.

IN SETTLING THE MATTER, AMERIPRISE NEITHER ADMITTED NOR DENIED THE ALLEGATIONS, BUT AGREED TO CEASE AND DESIST FROM VIOLATING THE SECURITIES ACT. THE RESPONDENT FURTHER AGREED TO PAY A FINE OF \$40,000 AND REIMBURSE THE SECURITIES DIVISION \$15,000 FOR ITS COSTS OF INVESTIGATION. AMERIPRISE WAIVED ITS RIGHT TO A HEARING AND TO JUDICIAL REVIEW OF THE MATTER.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	S-14-1575-15-SC01 ON FEBRUARY 23, 2016, THE SECURITIES DIVISION ENTERED A STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST, TO IMPOSE FINES, AND TO CHARGE COSTS ("STATEMENT OF CHARGES") AGAINST AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE"). THE STATEMENT OF CHARGES ALLEGED THAT AMERIPRISE FAILED TO ADEQUATELY SUPERVISE ITS AGENT WHO OFFERED AND SOLD NON-TRADED REAL ESTATE INVESTMENT TRUSTS ("REITS") TO CUSTOMERS, INCLUDING MANY SENIOR CITIZENS, THROUGH UNSUITABLE RECOMMENDATIONS AND WITHOUT DISCLOSING COMPLETE INFORMATION REGARDING THE FEES, COMMISSIONS, AND ILLIQUIDITY OF THESE PRODUCTS.
<b>Initiated By:</b>	STATE OF WASHINGTON, DEPARTMENT OF FINANCIAL INSTITUTIONS, SECURITIES DIVISION
<b>Date Initiated:</b>	02/23/2016
<b>Docket/Case Number:</b>	S-14-1575-15-SC01 S-14-1575-16-CO02
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REAL ESTATE INVESTMENT TRUSTS (NON-TRADED REITS)
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	MONETARY PENALTY - \$40,000. COST OF INVESTIGATION - \$15,000.



<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	05/18/2016
<b>Sanctions Ordered:</b>	Monetary/Fine \$40,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	REIMBURSEMENT OF INVESTIGATION COSTS \$15,000
<b>Sanction Details:</b>	CEASE & DESIST. ON MAY 12, 2016 AMERIPRISE PAID THE FINE OF \$40,000 AND REIMBURSED INVESTIGATION COSTS OF \$15,000.
<b>Firm Statement</b>	S-14-1575-16-CO02 ON MAY 18, 2016, THE SECURITIES DIVISION ENTERED INTO A CONSENT ORDER WITH AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE") PURSUANT TO WHICH AMERIPRISE NEITHER ADMITTED NOR DENIED THE ALLEGATIONS, BUT AGREED TO CEASE AND DESIST FROM VIOLATING THE SECURITIES ACT. AMERIPRISE FURTHER AGREED TO PAY A FINE OF \$40,000 AND REIMBURSE THE SECURITIES DIVISION \$15,000 FOR ITS COSTS OF INVESTIGATION.

#### Disclosure 20 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	RULES 21 VAC 5-20-260 B & 21 VAC 5-20-260D(2)
<b>Initiated By:</b>	VIRGINIA STATE CORPORATION COMMISSION
<b>Date Initiated:</b>	01/29/2016
<b>Docket/Case Number:</b>	SEC-2015-00061
<b>URL for Regulatory Action:</b>	<a href="http://www.scc.virginia.gov/docketsearch#/casedetails/135239">HTTP://WWW.SCC.VIRGINIA.GOV/DOCKETSEARCH#/CASEDETAILS/135239</a>
<b>Principal Product Type:</b>	Equity Listed (Common & Preferred Stock)
<b>Other Product Type(s):</b>	MUTUAL FUNDS(S)
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	01/29/2016



**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Monetary/Fine \$10,000.00

**Other Sanctions Ordered:** COST OF INVESTIGATION: \$4,000

**Sanction Details:** \$10,000 MONETARY PENALTY PAID ON JANUARY 29, 2016.

**Regulator Statement** BEGINNING IN MAY 2012 AND CONTINUING UNTIL JUNE 2013, MONEY WAS WITHDRAWN FROM THE ACCOUNTS OF FIVE OF VIRGINIA AMERIPRISE AGENT'S ELDERLY CLIENTS AND DIRECTLY BENEFITED THE AGENT EITHER IN TERMS OF PAYMENTS TOWARDS HIS CREDIT CARDS OR CHECKS WRITTEN FROM THE ACCOUNTS MADE PAYABLE TO HIS COMPANY. APPROXIMATELY \$200,000 WAS WITHDRAWN FROM THE FIVE ACCOUNTS IN 87 SEPARATE TRANSACTIONS.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** RULES 21 VAC 5-20-260 B & 21 VAC 5-20-260D(2)

**Initiated By:** VIRGINIA STATE CORPORATION COMMISSION

**Date Initiated:** 01/29/2016

**Docket/Case Number:** SEC-2015-00061

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:**

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 01/29/2016

**Sanctions Ordered:** Monetary/Fine \$10,000.00

**Other Sanctions Ordered:** COST OF INVESTIGATION - \$4000.00

**Sanction Details:** \$10,000 MONETARY PENALTY PAID ON JANUARY 29, 2016.



**Firm Statement**

BEGINNING IN MAY 2012 AND CONTINUING UNTIL JUNE 2013, MONEY WAS WITHDRAWN FROM THE ACCOUNTS OF FIVE OF VIRGINIA AMERIPRISE AGENT'S ELDERLY CLIENTS AND DIRECTLY BENEFITED THE AGENT EITHER IN TERMS OF PAYMENTS TOWARDS HIS CREDIT CARDS OR CHECKS WRITTEN FROM THE ACCOUNTS MADE PAYABLE TO HIS OUTSIDE BUSINESS COMPANY AND DEPOSITED AWAY FROM THE FIRM. APPROXIMATELY \$200,000 WAS WITHDRAWN FROM THE FIVE ACCOUNTS.

**Disclosure 21 of 78****Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT ESTABLISHED 10,049,442 ACCOUNTS THAT SHOULD HAVE CAUSED THE FIRM TO DELIVER AN ACCOUNT RECORD, NONETHELESS IT FAILED TO CREATE AND SEND TO APPROXIMATELY 219,000 CUSTOMERS AN ACCOUNT RECORD (2.18 PERCENT) WITHIN 30 DAYS OF THE ACCOUNT OPENING FOR EACH OF THESE CUSTOMERS. THE FINDINGS STATED THAT THE FIRM INFORMED FINRA AND OTHER REGULATORS THAT IT DID NOT CREATE AND SEND [TO ITS CUSTOMERS] A SMALL PERCENTAGE OF THE ACCOUNT RECORDS WITHIN 30 DAYS OF THE OPENING OF ACCOUNTS AS REQUIRED. THIS FAILURE OCCURRED FOR OVER SIX YEARS, AND CAME TO THE FIRM'S ATTENTION WHEN THE FIRM WAS UNABLE TO LOCATE CERTAIN ACCOUNT RECORDS REQUESTED BY FINRA DURING A FINRA EXAMINATION. THE FIRM DETERMINED THAT THE FAILURE RESULTED FROM THE SEQUENTIAL TIMING OF TWO AUTOMATED SYSTEMS. THE TWO SYSTEMS WORK IN CONJUNCTION TO IDENTIFY NEW ACCOUNTS REQUIRING THE DELIVERY OF ACCOUNT RECORDS WITHIN 30 DAYS OF THE OPENING OF AN ACCOUNT. THE ACCOUNT RECORDS WERE CREATED BUT ONLY FURNISHED TO CUSTOMERS IF THE SYSTEMS RAN IN A PARTICULAR SEQUENCE. OTHERWISE, THE SYSTEMS FAILED TO FURNISH AN ACCOUNT RECORD TO THE CUSTOMER. PRIOR TO THE DISCOVERY OF THIS ISSUE, THE FIRM WAS UNAWARE THAT THE TWO SYSTEMS REQUIRED CERTAIN SEQUENCING TO IDENTIFY NEW ACCOUNTS REQUIRING THE DELIVERY OF ACCOUNT RECORDS WITHIN 30 DAYS OF ACCOUNT OPENING. ADDITIONALLY, THOUGH THE SYSTEMS ERROR OCCURRED FOR OVER SIX YEARS, THE FIRM NEVER DETECTED THE PROBLEM THROUGH INTERNAL CHECKS. THE FIRM'S PROCEDURES FOR CHECKING ITS ACCOUNT RECORD DELIVERY PERFORMANCE VARIED SOMEWHAT DURING THOSE YEARS BUT INVOLVED THE SAME BASIC STEPS. HOWEVER, OF THE APPROXIMATE 219,000 ACCOUNT RECORDS APPROXIMATELY 130,000 WERE EVENTUALLY DELIVERED TO CUSTOMERS BECAUSE OF A SEPARATE TRIGGERING EVENT, SUCH AS A CHANGE IN



NAME/ADDRESS OR ACCOUNT OBJECTIVE OR THE PASSAGE OF 36 MONTHS. THE FIRM DID NOT MAIL AN ACCOUNT RECORD TO APPROXIMATELY 10,893 ACCOUNT HOLDERS BECAUSE THE ACCOUNT WAS CLOSED, THE CUSTOMER WAS DECEASED, OR THE ACCOUNT HAD AN UNDELIVERABLE MAIL ADDRESS ON RECORD. AFTER THE FIRM DISCOVERED THE SYSTEMS ERROR, IT DELIVERED THE REMAINING ACCOUNT RECORDS - APPROXIMATELY 78,000 (0.78 PERCENT) TO CUSTOMERS IN TWO MAILINGS (FOR BROKERAGE ACCOUNTS) AND (FOR NON-BROKERAGE ACCOUNTS). THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS RELATING TO THE CREATION AND DISTRIBUTION OF ACCOUNT RECORDS AT ACCOUNT OPENING.

**Initiated By:** FINRA

**Date Initiated:** 12/03/2015

**Docket/Case Number:** [2014043104601](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 12/03/2015

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$150,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$150,000.  
FINE PAID IN FULL ON DECEMBER 29, 2015.

**Regulator Statement** IN DETERMINING THE APPROPRIATE SANCTIONS, FINRA CONSIDERED THAT THE FIRM, AFTER BEING UNABLE TO LOCATE CERTAIN ACCOUNT



RECORDS REQUESTED BY FINRA DURING AN EXAMINATION, PROMPTLY REPORTED THE UNDERLYING PROBLEM TO FINRA, TOOK ACTION TO CORRECT THE PROBLEM, AND DELIVERED ACCOUNT RECORDS TO THOSE EXISTING CUSTOMERS WHO HAD NOT OTHERWISE RECEIVED AN ACCOUNT RECORD AND FOR WHOM AMERIPRISE HAD ACCURATE CONTACT INFORMATION.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO CREATE AND SEND TO APPROXIMATELY 2.18 PERCENT OF ITS CUSTOMERS (219,000 CUSTOMERS) AN ACCOUNT RECORD WITHIN 30 DAYS OF THE ACCOUNT OPENING. THE FIRM DETERMINED THAT THE FAILURE RESULTED FROM THE SEQUENTIAL TIMING OF TWO AUTOMATED SYSTEMS. THE FINDINGS STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS RELATING TO THE CREATION AND DISTRIBUTION OF ACCOUNT RECORDS AT ACCOUNT OPENING.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	12/03/2015
<b>Docket/Case Number:</b>	<a href="#">2014043104601</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	12/03/2015
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$150,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$150,000.

**Firm Statement**

IN DETERMINING THE APPROPRIATE SANCTIONS, FINRA CONSIDERED THAT THE FIRM, AFTER BEING UNABLE TO LOCATE CERTAIN ACCOUNT RECORDS REQUESTED BY FINRA DURING AN EXAMINATION, PROMPTLY REPORTED THE UNDERLYING PROBLEM TO FINRA, TOOK ACTION TO CORRECT THE PROBLEM, AND DELIVERED ACCOUNT RECORDS TO THOSE EXISTING CUSTOMERS WHO HAD NOT OTHERWISE RECEIVED AN ACCOUNT RECORD AND FOR WHOM AMERIPRISE HAD ACCURATE CONTACT INFORMATION.

**Disclosure 22 of 78**

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE STATE OF NEW HAMPSHIRE BUREAU OF SECURITIES REGULATION (THE "BUREAU") ALLEGED THAT AMERIPRISE FINANCIAL SERVICES, INC. ("AFSI") AGENTS LICENSED IN NEW HAMPSHIRE WERE PROVIDED WITH POLICIES AND PROCEDURES THAT WERE INACCURATE AND DID NOT CLEARLY OUTLINE APPLICABLE TELEMARKETING RESTRICTIONS OR THE EXCEPTIONS TO THEM. THE BUREAU ALSO ALLEGED THAT AFSI FAILED TO MAINTAIN ACCURATE TELEMARKETING POLICIES AND PROCEDURES AND THEREFORE DID NOT MAINTAIN OR ENFORCE POLICIES AND PROCEDURES THAT ADEQUATELY PROVIDED FOR REVIEW OF THE TELEMARKETING ACTIVITIES OF ITS AGENTS LICENSED IN NEW HAMPSHIRE. AFSI VIOLATED N.H. RSA 421-B.
<b>Initiated By:</b>	STATE OF NEW HAMPSHIRE, DEPARTMENT OF STATE, BUREAU OF SECURITIES REGULATION
<b>Date Initiated:</b>	12/29/2014
<b>Docket/Case Number:</b>	C-201300009
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CEASE AND DESIST, UNDERTAKINGS
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	12/29/2014
<b>Sanctions Ordered:</b>	Monetary/Fine \$80,000.00
<b>Other Sanctions Ordered:</b>	CEASE AND DESIST; UNDERTAKINGS

**Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, AFSI ENTERED INTO A SETTLEMENT AGREEMENT WITH THE BUREAU RESOLVING THIS MATTER AND CONSENTED TO CEASE AND DESIST FROM FURTHER VIOLATIONS OF N.H. RSA 421-B PURSUANT TO RSA 421-B:23; PAY THE BUREAU'S COSTS OF INVESTIGATION IN THE AMOUNT OF TEN THOUSAND DOLLARS (\$10,000) AND AN ADMINISTRATIVE FINE IN THE AMOUNT OF EIGHTY THOUSAND DOLLARS (\$80,000) BOTH OF WHICH WERE PAID ON JANUARY 13, 2015; AND CONTINUE TO MAINTAIN AND ENFORCE RECENT ENHANCEMENTS TO ITS TELEMARKETING POLICIES AND PROCEDURES.

**Firm Statement**

AFSI PAID THE ADMINISTRATIVE FINE AND INVESTIGATION COSTS ON JANUARY 13, 2015.

**Disclosure 23 of 78****Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

AMERIPRISE, THROUGH ITS REGISTERED REPRESENTATIVES, SOLD NON-TRADED REITS IN EXCESS OF MASSACHUSETTS 10% MAXIMUM CONCENTRATION LIMITS IMPOSED BY NON-TRADED REIT PROSPECTUSES AND SOLD NON-TRADED REITS IN EXCESS OF MASSACHUSETTS NET WORTH AND ANNUAL INCOME REQUIREMENTS IMPOSED BY NON-TRADED REIT PROSPECTUSES.

**Initiated By:**

MASSACHUSETTS SECURITIES DIVISION

**Date Initiated:**

05/22/2013

**Docket/Case Number:**

E-2013-0045

**URL for Regulatory Action:****Principal Product Type:**

Other

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:**

Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:****Resolution:**

Order

**Resolution Date:**

05/22/2013



<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$400,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	AMERIPRISE MUST SEND TO THE DIVISION A WRITTEN CERTIFICATION CONFIRM THAT AMERIPRISE HAS CONDUCTED A COMPREHENSIVE REVIEW OF ITS EXISTING POLICIES, PROCEDURES AND SUPERVISION FOR THE SALE OF ALL ALTERNATIVE INVESTMENTS.
<b>Sanction Details:</b>	AMERIPRISE MUST OFFER RESTITUTION TO CUSTOMERS THAT WERE SOLD NON-TRADED REITS IN EXCESS OF MASSACHUSETTS 10% MAXIMUM CONCENTRATION LIMITS AND/OR IN EXCESS OF MASSACHUSETTS NET WORTH AND ANNUAL INCOME REQUIREMENTS.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE MASSACHUSETTS SECURITIES DIVISION (THE "DIVISION") ALLEGED THAT AMERIPRISE FINANCIAL SERVICES, INC. ("AFSI") SOLD NON-TRADED REITS IN EXCESS OF MASSACHUSETTS' 10% MAXIMUM CONCENTRATION LIMITS AND/OR NET WORTH/INCOME REQUIREMENTS IN 54 NON-TRADED REIT TRANSACTIONS (OUT OF 1,794 TRANSACTIONS REVIEWED) BETWEEN 2006 AND 2008
<b>Initiated By:</b>	COMMONWEALTH OF MASSACHUSETTS, OFFICE OF THE SECRETARY, SECURITIES DIVISION
<b>Date Initiated:</b>	05/22/2013
<b>Docket/Case Number:</b>	E-2013-0045
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NON-TRADED REITS
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CEASE AND DESIST, CENSURE, RESTITUTION, UNDERTAKING



<b>Resolution:</b>	Order
<b>Resolution Date:</b>	05/22/2013
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$400,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKING
<b>Sanction Details:</b>	THE DIVISION IMPOSED A FINE OF \$400,000, WHICH AFSI PAID ON 06/10/2013. AFSI WAS ORDERED TO OFFER RESTITUTION TO ALL AFSI MASSACHUSETTS CUSTOMERS WHO PURCHASED NON-TRADED REITS IN EXCESS OF MASSACHUSETTS' 10% MAXIMUM CONCENTRATION AND/OR INCOME/NET WORTH REQUIREMENTS
<b>Firm Statement</b>	AFSI ENTERED INTO A SETTLEMENT AGREEMENT WITH THE DIVISION, WITHOUT ADMITTING OR DENYING ANY VIOLATION OF LAW. IN ADDITION TO OFFERING RESTITUTION TO CERTAIN MASSACHUSETTS RESIDENTS, AFSI AGREED TO CERTIFY THAT IT HAS CONDUCTED A COMPREHENSIVE REVIEW OF ITS POLICIES, PROCEDURES AND SUPERVISION FOR THE SALE OF ALL ALTERNATIVE INVESTMENTS. AFSI ALSO AGREED TO REPORT ON THE EFFECTIVENESS OF ITS POLICIES, PROCEDURES AND SUPERVISORY PRACTICES ONE YEAR FROM THE DATE OF THE SETTLEMENT.

#### Disclosure 24 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	ACTED IN CONTRAVENTION OF SECTION 5(B)(2) OF THE SECURITIES ACT, VIOLATED FINRA RULE 2010, NASD RULES 3010(A)(1) AND (B)(1): THE FIRM FAILED TO DELIVER ON TIME, OR FAILING TO ENSURE THAT ITS SERVICE PROVIDER DELIVERED ON TIME, PROSPECTUSES TO CERTAIN CUSTOMERS WHO PURCHASED MUTUAL FUNDS, IN APPROXIMATELY 580,000 INSTANCES FOR ABOUT TWO AND A HALF YEARS, AND THE FIRM'S CUSTOMERS WHO SHOULD HAVE RECEIVED A PROSPECTUS WITHIN THREE BUSINESS DAYS OF THE TRANSACTION DID NOT. THE FIRM WAS REQUIRED TO PROVIDE EACH OF ITS CUSTOMERS WHO PURCHASED A MUTUAL FUND A PROSPECTUS FOR THAT FUND NO LATER THAN THREE BUSINESS DAYS AFTER THE TRANSACTION. SECTION 5(B)(2) OF THE SECURITIES ACT PROHIBITS THE DELIVERY OF CERTAIN SECURITIES UNLESS SUCH DELIVERY IS ACCOMPANIED BY OR PRECEDED BY A PROSPECTUS THAT MEETS THE REQUIREMENTS OF SECTION 10(A) OF THE SECURITIES ACT. THE FEDERAL SECURITIES LAWS REQUIRE THE



DELIVERY OF A PROSPECTUS TO INVESTORS BECAUSE IT PROVIDES THEM WITH IMPORTANT DISCLOSURE INFORMATION REGARDING THE PRODUCT BEING PURCHASED. THE APPLICABLE SECURITIES EXCHANGE ACT REQUIRES A BROKER-DEALER TO PROVIDE TO THE CUSTOMER, IN WRITING, CERTAIN INFORMATION AT OR BEFORE COMPLETION OF SUCH TRANSACTION. TRANSACTIONS ARE COMPLETE WHEN THEY SETTLE, AND RULE 15C6-1(A) PROVIDES THAT SECURITIES TRANSACTIONS SETTLE IN THREE BUSINESS DAYS, UNLESS OTHERWISE SPECIFIED. CONSEQUENTLY, A BROKER-DEALER MUST DELIVER A PROSPECTUS TO A CUSTOMER WHO HAS PURCHASED A MUTUAL FUND NO LATER THAN THREE BUSINESS DAYS AFTER THE TRANSACTION. THE FIRM CONTRACTED WITH TWO THIRD-PARTY SERVICE PROVIDERS FOR THE DELIVERY OF MUTUAL FUND PROSPECTUSES. ON A DAILY BASIS, THE FIRM PROVIDED THE SERVICE PROVIDERS WITH ELECTRONIC INFORMATION REGARDING MUTUAL FUND TRANSACTIONS REQUIRING DELIVERY OF A PROSPECTUS TO ITS CUSTOMERS, BUT THE FIRM HAD NO SYSTEMS OR PROCEDURES REQUIRING DAILY OR WEEKLY REVIEW OF THE PROVIDERS' PERFORMANCE. THE FIRM'S PROCEDURES DID REQUIRE MONTHLY REVIEW OF A SAMPLE OF TRANSACTIONS, BUT DID NOT SPECIFICALLY DESCRIBE WHAT THE REVIEWER WAS REQUIRED TO LOOK FOR OR WHAT ACTIONS THE REVIEWER WAS REQUIRED TO TAKE IN THE EVENT THAT PROSPECTUS DELIVERY DEFICIENCIES WERE IDENTIFIED. THE NUMBER OF TRANSACTIONS INCLUDED IN THE REVIEWED SAMPLE WAS LIKELY TOO SMALL TO PROVIDE AN ACCURATE ASSESSMENT OF THE SERVICE PROVIDERS' PERFORMANCE. THE PRIMARY CAUSE OF THE LATE DELIVERIES WAS THE FAILURE OF CERTAIN MUTUAL FUND COMPANIES TO MAINTAIN ADEQUATE SUPPLIES OF PAPER COPIES OF PROSPECTUSES. AS A RESULT, FOR MANY PURCHASES FROM THESE FUND COMPANIES, THE SERVICE PROVIDERS COULD NOT OBTAIN A PROSPECTUS TO PROVIDE TO THE CUSTOMER ON TIME. THE FIRM DID NOT TAKE ACTIONS TO ENSURE THAT ALL OF ITS CUSTOMERS WERE RECEIVING PROSPECTUSES ON TIME. FOR INSTANCE, THE PRIMARY SERVICE PROVIDER OFFERED A PRINT ON DEMAND (POD) SERVICE TO ITS CLIENTS, AND THE POD SERVICE ALLOWED THE SERVICE PROVIDER TO OBTAIN AN ELECTRONIC COPY OF THE PROSPECTUS FROM THE FUND COMPANY, AND THEN TO PRINT COPIES OF THE PROSPECTUS TO SEND TO THE FIRM'S CUSTOMERS. THE FIRM DID NOT UTILIZE THIS SERVICE OR IMPLEMENT ANY ALTERNATIVE SYSTEM FOR DELIVERING PROSPECTUSES WHEN FUND COMPANIES WERE OUT OF PAPER COPIES THROUGHOUT THE FIRST 26 MONTHS OF THE REVIEW PERIOD. BECAUSE OF THE FIRM'S FAILURE TO DELIVER PROSPECTUSES ON TIME TO A SIGNIFICANT NUMBER OF CUSTOMERS WHO PURCHASED MUTUAL FUNDS, THESE CUSTOMERS WERE NOT PROVIDED WITH IMPORTANT DISCLOSURES ABOUT THESE PRODUCTS BY SETTLEMENT DATE. CONSEQUENTLY, THE FIRM ACTED IN CONTRAVENTION OF SECTION 5(B)(2) OF THE SECURITIES





ACT. THE FIRM DID BEGIN UTILIZING POD LATER ON, WHICH THEN ALLOWED ITS SERVICE PROVIDER TO ELECTRONICALLY OBTAIN THE PROSPECTUSES TO SEND TO CUSTOMERS AS NECESSARY. (CONT. IN COMMENT)

**Initiated By:** FINRA

**Date Initiated:** 04/18/2013

**Docket/Case Number:** [2011029100301](#)

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** N/A

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 04/18/2013

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$525,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$525,000. FINE PAID MAY 7, 2013.

**Regulator Statement** THE FIRM EXECUTED MORE THAN 15,000,000 MUTUAL FUND PURCHASE TRANSACTIONS THAT REQUIRED IT TO DELIVER A MUTUAL FUND PROSPECTUS, OR A SUMMARY PROSPECTUS, TO THE PURCHASING CUSTOMER. AS SUCH, THE FIRM WAS REQUIRED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO MONITOR AND ENSURE THE TIMELY DELIVERY OF MUTUAL FUND PROSPECTUSES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES DID NOT REQUIRE AN ADEQUATE REVIEW OF THE SERVICE PROVIDERS' PERFORMANCE OF THEIR PROSPECTUS DELIVERY OBLIGATIONS. INSTEAD, THE FIRM'S



SYSTEM FOR SUPERVISING THE TIMELY DELIVERY OF MUTUAL FUND PROSPECTUSES INVOLVED SUBSTANTIAL RELIANCE ON THE SERVICE PROVIDERS. THE FIRM DID NOT HAVE AN ADEQUATE SYSTEM AND PROCEDURES IN PLACE REASONABLY DESIGNED TO ENSURE THAT MUTUAL FUND PROSPECTUSES WERE BEING DELIVERED ON A TIMELY BASIS CONSISTENT WITH SECTION 5(B)(2) OF THE SECURITIES ACT. THUS FAILING TO IMPLEMENT AND MAINTAIN SUCH A SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FINRA ALLEGED THAT BETWEEN JANUARY 2009 AND JUNE 2011 AMERIPRISE FINANCIAL SERVICES, INC. ("AFSI") VIOLATED FINRA CONDUCT RULES BY FAILING TO DELIVER CERTAIN MUTUAL FUND PROSPECTUSES ON TIME (WITHIN THREE BUSINESS DAYS OF THE TRANSACTION) AND FAILED TO ESTABLISH AND MAINTAIN ADEQUATE SUPERVISION OVER THE THIRD PARTY SERVICE PROVIDERS RESPONSIBLE FOR DELIVERING THE PROSPECTUSES
<b>Initiated By:</b>	FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA")
<b>Date Initiated:</b>	04/18/2013
<b>Docket/Case Number:</b>	<a href="#">2011029100301</a>
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	04/18/2013
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$525,000.00
<b>Other Sanctions Ordered:</b>	FINRA IMPOSED A FINE OF \$525,000.
<b>Sanction Details:</b>	FINRA IMPOSED A FINE OF \$525,000, WHICH AFSI PAID ON 04/30/2013.
<b>Firm Statement</b>	ON APRIL 18, 2013, WITHOUT ADMITTING OR DENYING FINRA'S FINDINGS, AFSI ENTERED INTO AN AWC WITH FINRA, RESOLVING THIS MATTER.

**Disclosure 25 of 78****Reporting Source:** Regulator**Current Status:** Final

**Allegations:** FINRA RULE 2010, NASD INTERPRETATIVE MATERIAL 12000 - A REGISTERED REPRESENTATIVE OF AMERIPRISE FINANCIAL SERVICES, INC. CREATED AND MAINTAINED NOTES OF HIS INTERACTIONS WITH CUSTOMERS WITH AN OFF-THE-SHELF COMPUTER PROGRAM HE PURCHASED TO TRACK CLIENT CONTACT INFORMATION. THE ENTRIES INTO THE SYSTEM DO NOT IDENTIFY WHICH ENTRIES WERE ADDED, DELETED OR EDITED ON THE LAST EDITED DATE, DO NOT IDENTIFY THE DATE AN ENTRY WAS ADDED, DELETED OR EDITED AND DO NOT IDENTIFY THE LANGUAGE THAT MAY HAVE BEEN ADDED, DELETED OR EDITED. A CUSTOMER OPENED ACCOUNTS WITH THE REPRESENTATIVE AND INVESTED APPROXIMATELY \$30,000,000 WITH THE REPRESENTATIVE AND THE FIRM. THE CUSTOMER PURCHASED A \$1,000,000 PROPRIETARY FIRM VARIABLE ANNUITY ON HIS RECOMMENDATION, TRANSFERRED PREVIOUSLY PURCHASED ANNUITIES TO THE FIRM AND THE REPRESENTATIVE WITHOUT A TAXABLE EVENT, PURCHASED ANOTHER \$1,000,000 FIRM PROPRIETARY VARIABLE ANNUITY ON THE REPRESENTATIVE'S RECOMMENDATION; BUT THEN TRANSFERRED HIS ASSETS OUT OF THE FIRM. IN A DEMAND LETTER, THE CUSTOMER COMPLAINED TO THE FIRM ABOUT THE RECOMMENDATIONS REGARDING THE ANNUITY PURCHASES AND DEMANDED THAT THE FIRM CLOSE TWO ANNUITY CONTRACTS AND WAIVE ANY APPLICABLE SURRENDER CHARGES. AFTER THE DEMAND LETTER WAS SENT, THE REPRESENTATIVE SUBSTANTIALLY ALTERED HIS COMPUTER NOTES AND BACKDATED THEM TO MAKE THE ENTRIES APPEAR THAT THEY WERE MADE WHILE HE WAS ACTIVELY HANDLING THE CUSTOMER'S ACCOUNTS AND ADDED DETAILS TO EXISTING PRE-DATED ENTRIES. THE ADDITIONS BENEFITED THE REPRESENTATIVE AND THE FIRM IN CONNECTION WITH THE CUSTOMER'S UNSUITABLE TRADING ALLEGATIONS. THE REPRESENTATIVE MADE ADDITIONAL EDITS AFTER THE CUSTOMER'S ARBITRATION CLAIM WAS FILED IN VIOLATION OF FIRM POLICY. AFTER THE FIRM LATER LEARNED OF THE MATERIAL ALTERATION OF HIS COMPUTER NOTES, IT TOOK NO STEPS TO LOCATE THE ORIGINAL VERSION OF THE NOTES OR ANY RECORDS TO IDENTIFY THE ALTERATIONS BEYOND ASKING HIM TO REVIEW HIS OWN COMPUTER FOR ALTERATIONS. THE FIRM DID NOT ASK OTHER INDIVIDUALS TO FURTHER REVIEW THE REPRESENTATIVE'S FILES BUT VIGOROUSLY ENGAGED IN A STRATEGY TO PREVENT THE CUSTOMER FROM DISCOVERING THE NOTES WERE ALTERED TO BOLSTER THE REPRESENTATIVE'S AND THE FIRM'S DEFENSE. THE FIRM AND THE REPRESENTATIVE STATED THAT THEY



OBJECTED TO REQUESTS TO LEAD TO THE DISCOVERY OF RELEVANT INFORMATION AND THE FIRM REFUSED TO VOLUNTARILY AGREE TO A FORENSIC EXAMINATION OF THE REPRESENTATIVE'S COMPUTER. THE ARBITRATION PANEL AWARDED THE CUSTOMER A TOTAL OF \$466,000, INCLUDING \$20,000 IN SANCTIONS BASED ON THE REPRESENTATIVE'S ALTERATIONS OF RECORDS AND ATTEMPTS TO BLOCK DISCOVERY REQUESTS. THE FIRM TOOK NO STEPS TO LOCATE PREVIOUS VERSIONS OF THE REPRESENTATIVE'S COMPUTER NOTES, FAILED TO ADVISE THE CLAIMANT'S ATTORNEY THAT THE NOTES IT HAD PREVIOUSLY PRODUCED IN DISCOVERY HAD BEEN ALTERED AFTER THE REPRESENTATIVE HAD CEASED HANDLING THE CUSTOMER'S ACCOUNTS, AFTER THE CUSTOMER COMPLAINED ABOUT THE HANDLING OF HIS ACCOUNT, AND AFTER THE ARBITRATION HAD BEEN FILED. THE FIRM ACTIVELY TRIED TO PREVENT THE CLAIMANT FROM OBTAINING ANY EVIDENCE OF THE SPOILIATION AND FAILED TO PRODUCE A HIGHLY RELEVANT EXCEPTION REPORT IT HAD IN ITS POSSESSION UNTIL THE LAST BUSINESS DAY BEFORE THE ARBITRATION HEARING WAS SCHEDULED TO BEGIN, INSTEAD OF 60 DAYS AFTER THE COMPLAINT WAS FILED. THE FIRM FAILED TO DISCLOSE TO THE CLAIMANT IN AN ARBITRATION THAT A DOCUMENT HAD BEEN ALTERED, FAILED TO PROPERLY INVESTIGATE AFTER IT WAS ADVISED THAT NOTES HAD BEEN ALTERED, OBSTRUCTED CLAIMANT'S EFFORTS TO OBTAIN EVIDENCE OF THE EDITS, AND FAILED TO TIMELY PRODUCE AN EXCEPTION REPORT.

**Initiated By:** FINRA

**Date Initiated:** 03/25/2013

**Docket/Case Number:** [2010022977801](#)

**Principal Product Type:** Annuity(ies) - Variable

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Decision

**Resolution Date:** 12/01/2014

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No



<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$100,000.00
<b>Other Sanctions Ordered:</b>	COSTS, JOINTLY AND SEVERALLY, IN THE AMOUNT OF \$3,173.84
<b>Sanction Details:</b>	EXTENDED HEARING PANEL DECISION RENDERED OCTOBER 13, 2014. THE SANCTIONS WERE BASED ON FINDINGS THAT THE FIRM FAILED TO INFORM A CLAIMANT IN AN ARBITRATION PROCEEDING THAT A COPY OF COMPUTER NOTES OF CUSTOMER CONTACTS PRODUCED IN DISCOVERY HAD BEEN ALTERED. THE FINDINGS STATED THAT THE FIRM FAILED TO INFORM THE CLAIMANT OF THE ALTERATIONS, AND FAILED TO PRODUCE AN EXCEPTION REPORT IN DISCOVERY AS REQUIRED. WHEN IT WAS DISCLOSED TO THE FIRM THAT THE NOTES WERE ALTERED, THE FIRM ASKED THE INDIVIDUAL TO SEARCH HIS COMPUTER FOR EVIDENCE OF THE EDITS, BUT TOOK NO ADDITIONAL STEPS TO LOCATE PREVIOUS VERSION OF THE NOTES. THE DECISION IS FINAL ON DECEMBER 1, 2014. FINE PAID IN FULL ON DECEMBER 24, 2014.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FINRA ALLEGES THAT THE FIRM VIOLATED FINRA CODE OF ARBITRATION PROCEDURE FOR CUSTOMER DISPUTES IM-12000 AND FINRA RULE 2010 WHEN IT FAILED TO DISCLOSE TO THE CLAIMANT IN AN ARBITRATION PROCEDURE THAT A DOCUMENT PREVIOUSLY PRODUCED IN DISCOVERY HAD BEEN MATERIALLY ALTERED, FAILED TO PROPERLY INVESTIGATE THE NATURE OF THE ALTERATIONS, OBSTRUCTED CLAIMANT'S EFFORTS TO OBTAIN EVIDENCE OF THE ALTERATIONS, AND FAILED TO TIMELY PRODUCE AN EXCEPTION REPORT THAT WAS SUBJECT TO DISCOVERY.
<b>Initiated By:</b>	FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
<b>Date Initiated:</b>	03/25/2013
<b>Docket/Case Number:</b>	<a href="#">2010022977801</a>
<b>Principal Product Type:</b>	Annuity(ies) - Variable
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE
<b>Resolution:</b>	Decision



<b>Resolution Date:</b>	10/13/2014
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$100,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	EXTENDED HEARING PANEL DECISION RENDERED OCTOBER 13, 2014 WHEREIN THE FIRM IS CENSURED, FINED \$100,000 AND MUST PAY, JOINTLY AND SEVERALLY, COSTS IN THE AMOUNT OF \$3,173.84. THE SANCTIONS WERE BASED ON FINDINGS THAT THE FIRM FAILED TO INFORM A CLAIMANT IN AN ARBITRATION PROCEEDING THAT A COPY OF COMPUTER NOTES OF CUSTOMER CONTACTS PRODUCED IN DISCOVERY HAD BEEN ALTERED. THE FINDINGS STATED THAT THE FIRM FAILED TO INFORM THE CLAIMANT OF THE ALTERATIONS, AND FAILED TO PRODUCE AN EXCEPTION REPORT IN DISCOVERY AS REQUIRED. WHEN IT WAS DISCLOSED TO THE FIRM THAT THE NOTES WERE ALTERED, THE FIRM ASKED THE INDIVIDUAL TO SEARCH HIS COMPUTER FOR EVIDENCE OF THE EDITS, BUT TOOK NO ADDITIONAL STEPS TO LOCATE PREVIOUS VERSION OF THE NOTES. IF NO FURTHER ACTION IS TAKEN, THE DECISION IS FINAL ON DECEMBER 1, 2014. FINE PAID IN FULL ON DECEMBER 24, 2014.
<b>Firm Statement</b>	A FINRA HEARING PANEL FOUND THAT THE FIRM COMMITTED SOME, BUT NOT ALL, OF THE VIOLATIONS ALLEGED BY FINRA. THE PANEL FOUND THAT THE FIRM PROPERLY RELIED ON A REGISTERED REPRESENTATIVE TO GATHER POTENTIALLY RESPONSIVE DOCUMENTS IN RESPONSE TO AN ARBITRATION DISCOVERY REQUEST AND THAT THE FAILURE TO TIMELY PRODUCE AN EXCEPTION REPORT IN RESPONSE TO A DISCOVER REQUEST WAS NOT INTENTIONAL. HOWEVER, THE PANEL FOUND THAT THE FIRM VIOLATED FINRA RULE 2010 BY FAILING TO ORALLY NOTIFY CLAIMANT'S COUNSEL WHEN THE FIRM LEARNED JUST PRIOR TO ARBITRATION THAT A REGISTERED REPRESENTATIVE HAD MODIFIED HIS CLIENT CONTACT NOTES AFTER RECEIVING A CUSTOMER COMPLAINT. THE PANEL ALSO FOUND THAT THE FIRM VIOLATED FINRA CODE OF ARBITRATION PROCEDURE FOR CUSTOMER DISPUTES IM-12000 BY INADVERTENTLY FAILING TO TIMELY PRODUCE AN EXCEPTION REPORT THAT WAS FOUND LATER AND IMMEDIATELY PRODUCED PRIOR TO THE ARBITRATION HEARING.

#### Disclosure 26 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC RULE 30 OF REGULATION S-P, FINRA RULE 2010, NASD RULES 2110, 3010, 3012: THE FIRM AND ITS AFFILIATED CLEARING FIRM FAILED TO



ESTABLISH, MAINTAIN AND ENFORCE SUPERVISORY SYSTEMS THAT WERE REASONABLY DESIGNED TO REVIEW AND MONITOR THE TRANSMITTALS OF FUNDS FROM CUSTOMER ACCOUNTS TO THIRD-PARTY ACCOUNTS. FROM DECEMBER 2006 THROUGH OCTOBER 2010, A FORMER REGISTERED REPRESENTATIVE OF THE MEMBER FIRM CONVERTED APPROXIMATELY \$790,000 FROM TWO CUSTOMERS BY FORGING THEIR SIGNATURES ON SEVERAL WIRE TRANSFER REQUESTS. THE FORMER REPRESENTATIVE HAD FUNDS WIRED FROM HER CUSTOMERS' BROKERAGE ACCOUNTS, WITH THE FIRM, TO VARIOUS THIRD-PARTY BANK ACCOUNTS THAT SHE CONTROLLED. THE OTHER RESPONDENT IN THE MATTER WAS THE AFFILIATED CLEARING FIRM FOR THE FIRM AND IT PROCESSED ALL OF THE WIRE REQUESTS FROM THE REPRESENTATIVE, WHO HAS SINCE BEEN BARRED FROM ASSOCIATION WITH ANY FINRA MEMBER FIRM. THERE WERE SUSPICIOUS CIRCUMSTANCES RELATING TO SOME OF THE FORGED WIRE TRANSFER REQUESTS, WHICH SHOULD HAVE BEEN RED FLAGS OF THE REPRESENTATIVE'S MISCONDUCT TO THE FIRM AND ITS AFFILIATED CLEARING FIRM. FOR INSTANCE, THE REPRESENTATIVE SUBMITTED THREE REQUESTS TO WIRE MONEY FROM THE SAME CUSTOMER'S ACCOUNT TO A BANK ACCOUNT THAT APPEARED TO BE UNDER THE REPRESENTATIVE'S CONTROL. THE FIRM AND ITS AFFILIATED CLEARING FIRM PROCESSED THE FORGED WIRE TRANSFER REQUESTS AND DISBURSED THE FUNDS WITHOUT ANY INQUIRIES. IN ADDITION, AT LEAST THREE OF THE REPRESENTATIVE'S FORGED WIRE TRANSFER REQUESTS WERE INITIALLY REJECTED BY THE FIRM AND ITS AFFILIATED CLEARING FIRM, INCLUDING ONE FOR AN APPARENT SIGNATURE DISCREPANCY. EACH TIME, THE REPRESENTATIVE SIMPLY RESUBMITTED THE REJECTED WIRE REQUESTS EITHER ON THE SAME DAY OR THE NEXT DAY, AND THE FIRM AND ITS AFFILIATED CLEARING FIRM APPROVED THEM AND DISBURSED THE CUSTOMER FUNDS TO BANK ACCOUNTS CONTROLLED BY HER. HER MISCONDUCT WENT UNDETECTED FOR NEARLY FOUR YEARS. IT WAS NOT UNTIL OCTOBER 2010 THAT THE FIRM AND ITS AFFILIATED CLEARING FIRM DETECTED HER MISCONDUCT. EVEN AFTER THE FIRM AND ITS AFFILIATED CLEARING FIRM DISCOVERED HER MISCONDUCT, SHE SUBMITTED TWO ADDITIONAL FORGED WIRE REQUESTS, AND THE FIRM AND ITS AFFILIATED CLEARING FIRM AGAIN DISBURSED CUSTOMER FUNDS TO BANK ACCOUNTS THAT SHE CONTROLLED. THE FIRM AND ITS AFFILIATED CLEARING FIRM BEGAN INVESTIGATING HER MISCONDUCT IN EARLY OCTOBER 2010 AFTER NOTICING A SUSPICIOUS WIRE TRANSFER REQUEST. WITHIN A WEEK, THE REPRESENTATIVE SUBMITTED ANOTHER FALSE WIRE TRANSFER REQUEST TO WIRE ADDITIONAL FUNDS. THE FIRM AND ITS AFFILIATED CLEARING FIRM DID NOT QUESTION THIS REQUEST AND WIRED THE FUNDS AS DIRECTED. THE REPRESENTATIVES SUBMITTED YET ANOTHER FALSE WIRE TRANSFER REQUEST IN DECEMBER 2010 AFTER SHE HAD BEEN TERMINATED BY THE FIRM. THE FIRM AND ITS AFFILIATED CLEARING



FIRM PROCESSED THIS REQUEST AND WIRED THE FUNDS TO ANOTHER BANK ACCOUNT CONTROLLED BY HER. THAT SAME DAY, THE FIRM AND ITS AFFILIATED CLEARING FIRM REALIZED THEIR MISTAKE AND HAD THE FUNDS RETURNED TO THE CUSTOMER'S BROKERAGE ACCOUNT. FOLLOWING THE INVESTIGATION, THE FIRM AND ITS AFFILIATED CLEARING FIRM TERMINATED THE REPRESENTATIVE AND PAID FULL RESTITUTION TO THE TWO IMPACTED CUSTOMERS. RESPONDENTS' SUPERVISORY SYSTEMS DID NOT HAVE POLICIES OR PROCEDURES REQUIRING AN ADEQUATE REVIEW TO DETECT OR PREVENT MULTIPLE TRANSMITTALS OF FUNDS GOING TO THIRD-PARTY ACCOUNTS. RATHER, RESPONDENTS' SYSTEMS RELIED ON A MANUAL REVIEW OF WIRE REQUESTS WITHOUT THE BENEFIT OF EXCEPTION REPORTS THAT COULD HELP TO DISCERN SUSPICIOUS PATTERNS OF REQUESTS. RESPONDENTS' SYSTEMS ALSO LACKED ANY ADEQUATE TRACKING OR FURTHER INVESTIGATION OF REJECTED WIRE TRANSFER REQUESTS. WITHOUT A CENTRALIZED SYSTEM FOR COMPILING INFORMATION ABOUT THE REQUESTS AND ANY POTENTIAL ISSUES RELATING TO THE REQUESTS, RESPONDENTS COULD NOT DETECT A PATTERN OF MISCONDUCT INVOLVING MULTIPLE WIRES OF CUSTOMER FUNDS TO THIRD-PARTY ACCOUNTS, SUCH AS THAT PERPETRATED BY THE REPRESENTATIVE. (CONT. IN COMMENT SECTION)

<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	03/04/2013
<b>Docket/Case Number:</b>	<a href="#">2010025157301</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	03/04/2013
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure





Monetary/Fine \$750,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$750,000, JOINTLY AND SEVERALLY. FINE PAID IN FULL 3/25/13.

**Regulator Statement**

FROM FEBRUARY 2010 THROUGH JUNE 2010, THE FIRM DID NOT ADEQUATELY PROTECT CUSTOMER RECORDS AND INFORMATION BY FAILING TO PREVENT BROKERS WHO HAD BEEN TERMINATED FROM CONTINUING TO ACCESS THE FIRM'S COMPUTER SYSTEM. IN JANUARY 2010, THE FIRM ENHANCED ITS PROCEDURES FOR COMPLIANCE WITH REGULATION S-P BY ADOPTING A NEW POLICY REQUIRING THAT COMPUTER ACCESS FOR REGISTERED REPRESENTATIVES WHO HAD BEEN TERMINATED MUST BE SHUT OFF WITHIN ONE HOUR OF THE END OF THE REPRESENTATIVE'S LAST WORKING DAY. FINRA TESTED THIS UPDATED POLICY AND FOUND SIGNIFICANT NONCOMPLIANCE FROM FEBRUARY THROUGH JUNE 2010. THE FIRM FAILED TO BLOCK COMPUTER ACCESS IN A TIMELY MANNER FOR 100 OF 200 REPRESENTATIVES WHO HAD BEEN TERMINATED DURING THIS TIME FRAME. FIVE OF THOSE REPRESENTATIVES ACCESSED SYSTEMS THAT CONTAINED CUSTOMER INFORMATION PROTECTED BY REGULATION S-P, ALTHOUGH NONE OF THE REPRESENTATIVES PROCESSED A CLIENT TRANSACTION AS A RESULT OF THE ACCESS.

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

FINRA ALLEGED THAT BETWEEN DECEMBER 2006 AND OCTOBER 2010 AMERIPRISE FINANCIAL SERVICES, INC. ("AFSI"), AND ITS AFFILIATED CLEARING BROKER-DEALER, AMERICAN ENTERPRISE INVESTMENT SERVICES INC. ("AEIS"), VIOLATED FINRA CONDUCT RULES BY FAILING TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE SUPERVISORY SYSTEMS DESIGNED TO REVIEW AND MONITOR THE TRANSMITTALS OF FUNDS FROM CUSTOMER ACCOUNTS TO THIRD PARTIES, AND BY FAILING TO PREVENT BROKERS WHO HAD BEEN TERMINATED FROM CONTINUING TO ACCESS THE FIRM'S COMPUTER SYSTEM.

**Initiated By:**

FINANCIAL INDUSTRY REGULATORY AUTHORITY

**Date Initiated:**

03/04/2013

**Docket/Case Number:**

[2010025157301](#)

**Principal Product Type:**

No Product



<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	03/04/2013
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$750,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	FINRA IMPOSED A JOINT AND SEVERAL FINE OF \$750,000.
<b>Firm Statement</b>	ON MARCH 04, 2013, WITHOUT ADMITTING OR DENYING FINRA'S FINDINGS, AFSI AND AEIS ENTERED INTO AN AWC WITH FINRA, RESOLVING THIS MATTER.

#### Disclosure 27 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN CONNECTION WITH THE FACTS DESCRIBED IN THE STATEMENT OF FACTS CONTAINED IN THIS ORDER, INCORPORATED HEREIN BY REFERENCE, RESPONDENT FAILED TO REASONABLY SUPERVISE FORMER SECURITIES AGENT/INVESTMENT ADVISER REPRESENTATIVE CHRISTOPHER G. COULTHER, WITHIN THE MEANING OF SECTION 11-412(A)(10) OF THE SECURITIES ACT, WHICH IS GROUNDS FOR THE REVOCATION OF RESPONDENT'S BROKER-DEALER REGISTRATION IN THE STATE OF MARYLAND, AND RESPONDENT VIOLATED SECTION 11-411(D) OF THE SECURITIES ACT (RELATING TO UPDATING FORM U4).
<b>Initiated By:</b>	MARYLAND
<b>Date Initiated:</b>	07/06/2010
<b>Docket/Case Number:</b>	2010-0308
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	REAL ESTATE INVESTMENTS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist



<b>Other Sanction(s)/Relief Sought:</b>	FINE, CONTINUANCE OF COMPLIANCE ENHANCEMENTS
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	01/17/2013
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$50,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	CONTINUANCE OF EARLIER-MADE COMPLIANCE ENHANCEMENTS.
<b>Sanction Details:</b>	TOTAL FINE IS \$50,000, WHICH WAS 100% PAID BY THE RESPONDENT UPON THE ISSUANCE OF THE CONSENT ORDER. NO PART OF THE FINE WAS WAIVED.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	RESPONDENT FAILED TO REASONABLY SUPERVISE FORMER SECURITIES AGENT/INVESTMENT ADVISER REPRESENTATIVE, WITHIN THE MEANING OF 11-412(A)(1) OF THE MARYLAND SECURITIES ACT ("SECURITIES ACT").
<b>Initiated By:</b>	STATE OF MARYLAND, OFFICE OF THE ATTORNEY GENERAL, SECURITIES DIVISION
<b>Date Initiated:</b>	07/06/2010
<b>Docket/Case Number:</b>	2010-0308
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	REAL ESTATE INVESTMENTS
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CEASE AND DESIST; CONTINUANCE OF COMPLIANCE ENHANCEMENTS
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	01/17/2013



<b>Sanctions Ordered:</b>	Monetary/Fine \$50,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	TOTAL FINE OF \$50,000.00 WAS PAID ON OR ABOUT JANUARY 17, 2013.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND THE ENTRY OF FINDINGS. THEREFORE, THE FIRM IS CENSURED AND FINED \$50,000.00.

#### Disclosure 28 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110, 3010: THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO DETECT AND PREVENT MISCONDUCT BY ONE OF ITS BROKERS. A BROKER REGISTERED WITH THE FIRM, FORGED SIGNATURES OF CUSTOMERS ON VARIOUS FINANCIAL DOCUMENTS THAT HE SUBMITTED TO THE FIRM FOR PROCESSING. THE BROKER AGREED TO PAY CERTAIN FEES FOR CUSTOMERS WITHOUT ALERTING THE FIRM IN ORDER TO AVOID COMPLAINTS FROM THESE CUSTOMERS. THE BROKER AGREED TO BE BARRED FROM ASSOCIATING WITH ANY FINRA FIRMS FOR THIS MISCONDUCT. A SURVEILLANCE ANALYST OF THE FIRM BECAME AWARE OF POTENTIAL FORGERIES BY THE BROKER AND FAILED TO FOLLOW UP WITH A TIMELY INVESTIGATION, AND THE FIRM'S SUPERVISORY SYSTEM DID NOT ENSURE THAT A TIMELY INVESTIGATION WAS CONDUCTED. THE FIRM HAD IMPLEMENTED A NEW SET OF PROCEDURES FOR ITS SURVEILLANCE DEPARTMENT THROUGH WHICH, THE FIRM DISCOVERED THAT THE INVESTIGATION OF THE BROKER HAD NOT BEEN COMPLETED AND THE FIRM PROMPTLY REASSIGNED THE MATTER TO OTHER SURVEILLANCE PERSONNEL. THE FIRM COMPLETED ITS INVESTIGATION OF THE BROKER NEARLY TWO AND A HALF YEARS AFTER IT FIRST OPENED THE INVESTIGATION AND FOUND AMPLE EVIDENCE OF REPEATED FORGERIES BY THE BROKER, WHOSE EMPLOYMENT WAS THEN TERMINATED.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	04/04/2011
<b>Docket/Case Number:</b>	<a href="#">2008013648002</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	



<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	04/04/2011
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$50,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$50,000.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA") ALLEGED THAT AMERIPRISE FINANCIAL SERVICES, INC. ("AFSI") FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO DETECT AND PREVENT MISCONDUCT BY ONE OF ITS BROKERS, THEREBY VIOLATING NASD CONDUCT RULES 3010 AND 2110; SPECIFICALLY, AFSI DID NOT HAVE A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ENSURE A TIMELY INVESTIGATION OF A FINANCIAL ADVISOR WHO FORGED SIGNATURES ON A NUMBER OF CLIENT DOCUMENTS FROM JANUARY 2003 THROUGH OCTOBER 2007. FINRA ALLEGED AFSI FIRST BECAME AWARE OF THE POTENTIAL FORGERIES IN DECEMBER 2005 BUT DID NOT COMPLETE ITS INVESTIGATION UNTIL APRIL 2008.
<b>Initiated By:</b>	FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
<b>Date Initiated:</b>	04/04/2011
<b>Docket/Case Number:</b>	<a href="#">2008013648002</a>



**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:** CENSURE

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 04/04/2011

**Sanctions Ordered:** Censure  
Monetary/Fine \$50,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AFSI CONSENTED TO THE CENSURE AND MONETARY FINE OF \$50,000.

#### Disclosure 29 of 78

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA") ALLEGED THAT FROM MARCH 2005 THROUGH JUNE 2006, H&R BLOCK FINANCIAL ADVISORS, INC. ("H&R BLOCK"), N/K/A AMERIPRISE FINANCIAL SERVICES, INC. ("AFSI"), RECOMMENDED AND EFFECTED 38 UNSUITABLE VARIABLE ANNUITY TRANSACTIONS INVOLVING 17 CUSTOMERS THROUGH ONE OF ITS FINANCIAL ADVISORS. FINRA ALSO ALLEGED THAT H&R BLOCK FAILED TO RETAIN TRANSACTION DETAIL REPORTS AND ANNUITY SUITABILITY REVIEW FORMS IN CONNECTION WITH 11 VARIABLE ANNUITY TRANSACTIONS.

**Initiated By:** FINANCIAL INDUSTRY REGULATORY AUTHORITY

**Date Initiated:** 07/21/2010

**Docket/Case Number:** [2007009442501](#)

**Principal Product Type:** Annuity(ies) - Variable

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:** H&R BLOCK CENSURED



<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	07/21/2010
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$175,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	IN CONTEMPLATION OF THE SETTLEMENT, THE FIRM AGREED TO PAY RESTITUTION TO 17 CLIENTS. PAYMENT OF THE MONETARY FINE WAS MADE JULY 26, 2010.
<b>Firm Statement</b>	ON JULY 21, 2010, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, H&R BLOCK CONSENTED TO THE CENSURE AND MONETARY FINE.

#### Disclosure 30 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE OFFICE OF THE INDIANA SECRETARY OF STATE, SECURITIES DIVISION ("DIVISION") ALLEGED THAT FROM JANUARY 29, 2009 TO FEBRUARY 24, 2009, AMERIPRISE ADVISOR SERVICES, INC. ("AASI"), F/K/A H&R BLOCK FINANCIAL ADVISORS, INC. ("H&R BLOCK"), N/K/A AMERIPRISE FINANCIAL SERVICES, INC. ("AFSI"), EMPLOYED AND/OR ASSOCIATED WITH AN AGENT WHO TRANSACTED BUSINESS IN THE STATE ON BEHALF OF AASI PRIOR TO THE EFFECTIVENESS OF HIS REGISTRATION AS AN AGENT WITH AASI IN THE STATE.
<b>Initiated By:</b>	STATE OF INDIANA, OFFICE OF THE SECRETARY OF STATE, SECURITIES DIVISION
<b>Date Initiated:</b>	07/14/2010
<b>Docket/Case Number:</b>	10-0129 CA
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	REIMBURSEMENT OF INVESTIGATION COSTS
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	07/14/2010



<b>Sanctions Ordered:</b>	Monetary/Fine \$4,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	PURSUANT TO THE CONSENT AGREEMENT, IN ADDITION TO THE \$2,500 FINE, AASI AGREED TO PAY COSTS OF THE INVESTIGATION IN THE AMOUNT OF \$2,000. PAYMENT WAS MAILED TO THE DIVISION ON JULY 9, 2010.
<b>Firm Statement</b>	ON JULY 14, 2010, WITHOUT ANY ADMISSION OF FAULT OR WRONGDOING, AASI CONSENTED TO THE CIVIL PENALTY AND REIMBURSEMENT OF INVESTIGATION COSTS.

#### Disclosure 31 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA") ALLEGED THAT FROM JANUARY 2004 THROUGH DECEMBER 2007, H&R BLOCK FINANCIAL ADVISORS, INC. ("H&R BLOCK"), F/K/A AMERIPRISE ADVISOR SERVICES, INC., N/K/A AMERIPRISE FINANCIAL SERVICES, INC. ("AFSI"), FAILED TO ESTABLISH AND IMPLEMENT AN ADEQUATE SYSTEM AND WRITTEN PROCEDURES FOR THE SUPERVISION OF SALES OF REVERSE CONVERTIBLE NOTES ("RCNS") THAT RESULTED IN H&R BLOCK BEING UNABLE TO DETECT AND RESPOND TO INDICATIONS OF POTENTIAL OVER-CONCENTRATIONS OF RCNS IN RETAIL CUSTOMER ACCOUNTS.
<b>Initiated By:</b>	FINANCIAL INDUSTRY REGULATORY AUTHORITY
<b>Date Initiated:</b>	02/11/2010
<b>Docket/Case Number:</b>	<a href="#">2007011933101</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	REVERSE CONVERTIBLE NOTES
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	H&R BLOCK CENSURED AND ORDERED TO PAY RESTITUTION.
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	02/11/2010
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$200,000.00





Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:**

PURSUANT TO THE AWC, IN ADDITION TO THE \$200,000 FINE, H&R BLOCK AGREED TO PAY RESTITUTION OF \$75,000 TO TWO CLIENTS. PAYMENT WAS MAILED TO THE CLIENTS MARCH 17, 2010.

**Firm Statement**

ON FEBRUARY 11, 2010, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, H&R BLOCK CONSENTED TO THE CENSURE, MONETARY FINE AND RESTITUTION PAYMENT.

**Disclosure 32 of 78**

**Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

THE KENTUCKY DIVISION OF SECURITIES ALLEGED THAT AN AMERIPRISE FINANCIAL SERVICES, INC.(AFSI) AGENT ESTABLISHED MARGIN ACCOUNTS FOR SEVERAL CLIENTS WITHOUT THEIR KNOWLEDGE AND CONSENT, CONVINCED CLIENTS TO MORTGAGE THEIR HOMES FOR INVESTMENT PURPOSES, AND FORGED CLIENT DOCUMENTS RESULTING IN DISHONEST AND UNETHICAL PRACTICES. AFSI ALSO FAILED TO REASONABLY SUPERVISE THIS AGENT.

**Initiated By:**

KENTUCKY DIVISION OF SECURITIES

**Date Initiated:**

10/20/2008

**Docket/Case Number:**

2009-AH-73

**URL for Regulatory Action:**

**Principal Product Type:**

No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:**

CEASE AND DESIST, DISGORGEMENT, RESTITUTION

**Resolution:**

Decision & Order of Offer of Settlement

**Resolution Date:**

10/27/2009



<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$400,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, ON 10/22/09 AFSI CONSENTED TO ENTRY OF A SETTLEMENT AGREEMENT AND ORDER PURSUANT TO WHICH THE FIRM AGREED TO: (1) PAY THE KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS (KDFI) A FINE IN THE AMOUNT OF \$300,000; (2) PAY KDFI \$50,000 FOR INVESTIGATIVE COSTS; (3) PAY \$100,000 TO KENTUCKY'S INVESTOR PROTECTION TRUST FUND; (4) MAKE RESTITUTION TO NINE CLIENTS IN THE AGGREGATE AMOUNT OF \$533,984.
<b>Sanction Details:</b>	FINES WERE PAID IN FULL ON 11/2/2009.
<b>Regulator Statement</b>	SETTLEMENT AGREEMENT AND ORDER ENTERED ON 10/27/2009.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE KENTUCKY DIVISION OF SECURITIES (KDS) ALLEGED THAT TWO AMERIPRISE FINANCIAL SERVICES, INC. (AFSI) AGENTS ENGAGED IN DISHONEST AND UNETHICAL PRACTICES INVOLVING UNAUTHORIZED TRANSACTIONS, UNAUTHORIZED ESTABLISHMENT OF MARGIN ACCOUNTS AND FORGERY. KDS ALSO ALLEGED THAT AFSI FAILED TO ADEQUATELY SUPERVISE THESE AGENTS.
<b>Initiated By:</b>	KENTUCKY DIVISION OF SECURITIES
<b>Date Initiated:</b>	10/20/2008
<b>Docket/Case Number:</b>	2009-AH-73
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CEASE AND DESIST, RESTITUTION
<b>Resolution:</b>	Settled



<b>Resolution Date:</b>	10/27/2009
<b>Sanctions Ordered:</b>	Monetary/Fine \$450,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	PURSUANT TO THE SETTLEMENT, AFSI AGREED TO (1) CEASE AND DESIST FROM VIOLATING THE KENTUCKY SECURITIES ACT; (2) PAY A FINE IN THE AMOUNT OF \$300,000 TO THE KENTUCKY STATE TREASURER; (3) MAKE A VOLUNTARY CONTRIBUTION OF \$100,000 TO KENTUCKY'S STATE ACCOUNT WITH THE INVESTOR PROTECTION TRUST; (4) REIMBURSE THE KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS (KDFI) \$50,000 FOR ITS COSTS OF INVESTIGATION; AND (5) MAKE WRITTEN OFFERS OF RESTITUTION IN THE AGGREGATE AMOUNT OF \$533,984 TO NINE CLIENTS. THE FINE, VOLUNTARY CONTRIBUTION AND REIMBURSEMENT WERE EACH PAID IN FULL ON NOVEMBER 2, 2009. THE RESTITUTION OFFERS WERE MADE ON OCTOBER 26, 2009. SIX OF THE NINE CLIENTS ACCEPTED RESTITUTION AND THE RESTITUTION AMOUNT ASSOCIATED WITH THE REMAINING THREE CLIENTS (\$47,284 IN THE AGGREGATE) WAS PAID INTO AN ESCROW ACCOUNT ESTABLISHED BY THE KDFI PURSUANT TO THE TERMS OF THE SETTLEMENT.
<b>Firm Statement</b>	ON OCTOBER 27, 2009, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AFSI ENTERED INTO A SETTLEMENT AGREEMENT WITH THE KENTUCKY DIVISION OF SECURITIES AND SETTLED ALL CLAIMS MADE BY THE KDS. UNDER THE TERMS OF THE SETTLEMENT, AFSI AGREED TO PAY \$450,000 IN FINES AND PENALTIES TO THE STATE OF KENTUCKY AND \$533,984 IN RESTITUTION TO NINE CLIENTS.

### Disclosure 33 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC ADMIN RELEASES 33-9051, 34-60279, JULY 10, 2009: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT") AND SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE" OR "RESPONDENT") - AMERIPRISE WILLFULLY VIOLATED: SECTIONS 5 (A), 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934 RULE 10B-10 - THESE PROCEEDINGS ARISE OUT OF AMERIPRISE'S RECEIPT OF APPROXIMATELY \$30.8 MILLION IN UNDISCLOSED



COMPENSATION IN CONNECTION WITH AMERIPRISE'S OFFER AND SALE TO ITS BROKERAGE CUSTOMERS OF CERTAIN REAL ESTATE INVESTMENT TRUSTS ("REITS") BETWEEN 2000 AND MAY 2004 (THE "RELEVANT PERIOD"). AMERIPRISE DEMANDED THIS UNDISCLOSED COMPENSATION, WHICH IT REFERRED TO AS "REVENUE SHARING," IN EXCHANGE FOR INCLUDING THE REITS ON AMERIPRISE'S BROKERAGE PLATFORM. THIS MATTER ALSO INVOLVES AMERIPRISE'S UNLAWFUL OFFER AND SALE OF AT LEAST \$100 MILLION WORTH OF SHARES OF ONE SUCH REIT TO ITS BROKERAGE CUSTOMERS IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT.

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 07/10/2009

**Docket/Case Number:** 3-13544

**Principal Product Type:** Other

**Other Product Type(s):** REAL ESTATE INVESTMENT TRUSTS

**Principal Sanction(s)/Relief Sought:** Cease and Desist

**Other Sanction(s)/Relief Sought:**

**Resolution:** Order

**Resolution Date:** 07/10/2009

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$8,650,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTS TO THE



ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER ("ORDER"). AMERIPRISE WILLFULLY VIOLATED: SECTIONS 5 (A), 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934 RULE 10B-10. PURSUANT TO SECTION 8A OF THE SECURITIES ACT AND SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, IT IS HEREBY ORDERED THAT: AMERIPRISE SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 5(A), 17(A)(2), AND 17(A)(3) OF THE SECURITIES ACT, AND EXCHANGE ACT RULE 10B-10. AMERIPRISE IS CENSURED. AMERIPRISE SHALL, WITHIN 10 DAYS OF THE ENTRY OF THIS ORDER, PAY DISGORGEMENT IN THE TOTAL AMOUNT OF \$8.65 MILLION ("DISGORGEMENT") TO THE SECURITIES AND EXCHANGE COMMISSION. AMERIPRISE ALSO SHALL, WITHIN 10 DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL MONETARY PENALTY IN THE AMOUNT OF \$8.65 MILLION ("PENALTIES") TO THE SECURITIES AND EXCHANGE COMMISSION. SUCH PENALTIES MAY BE DISTRIBUTED PURSUANT TO SECTION 308(A) OF THE SARBANES-OXLEY ACT OF 2002 ("FAIR FUND DISTRIBUTION"). REGARDLESS OF WHETHER ANY SUCH FAIR FUND DISTRIBUTION IS MADE, AMOUNTS ORDERED TO BE PAID AS CIVIL MONEY PENALTIES PURSUANT TO THIS ORDER SHALL BE TREATED AS PENALTIES PAID TO THE GOVERNMENT FOR ALL PURPOSES, INCLUDING ALL TAX PURPOSES. [CONTINUED IN COMMENTS]

## Regulator Statement

SANCTIONS CONTINUED: TO PRESERVE THE DETERRENT EFFECT OF THE CIVIL PENALTY, RESPONDENT AGREES THAT IT SHALL NOT, AFTER OFFSET OR REDUCTION IN ANY RELATED INVESTOR ACTION BASED ON RESPONDENT'S PAYMENT OF DISGORGEMENT IN THIS ACTION, ARGUE THAT IT IS ENTITLED TO, NOR SHALL IT FURTHER BENEFIT BY OFFSET OR REDUCTION OF ANY PART OF RESPONDENT'S PAYMENT OF A CIVIL PENALTY IN THIS ACTION ("PENALTY OFFSET"). IF THE COURT IN ANY RELATED INVESTOR ACTION GRANTS SUCH A PENALTY OFFSET, RESPONDENT AGREES THAT IT SHALL, WITHIN 30 DAYS AFTER ENTRY OF A FINAL ORDER GRANTING THE PENALTY OFFSET, NOTIFY THE COMMISSION'S COUNSEL IN THIS ACTION AND PAY THE AMOUNT OF THE PENALTY OFFSET TO THE UNITED STATES TREASURY OR TO A FAIR FUND, AS THE COMMISSION DIRECTS. SUCH A PAYMENT SHALL NOT BE DEEMED AN ADDITIONAL CIVIL PENALTY AND SHALL NOT BE DEEMED TO CHANGE THE AMOUNT OF THE CIVIL PENALTY IMPOSED IN THIS PROCEEDING. FOR PURPOSES OF THIS PARAGRAPH, A "RELATED INVESTOR ACTION" MEANS A PRIVATE DAMAGES ACTION BROUGHT AGAINST RESPONDENT BY OR ON BEHALF OF ONE OR MORE INVESTORS BASED ON SUBSTANTIALLY THE SAME FACTS AS ALLEGED IN THE ORDER INSTITUTED BY THE COMMISSION IN THIS PROCEEDING.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC ALLEGED THAT BETWEEN 2000 AND MAY 2004 AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE") (F/K/A AMERICAN EXPRESS FINANCIAL ADVISORS, INC.) MAINTAINED UNDISCLOSED REAL ESTATE INVESTMENT TRUSTS ("REITS") REVENUE SHARING ARRANGEMENTS. AMERIPRISE ALSO OFFERED AND SOLD ONE OF THE REITS PRIOR TO THE EFFECTIVENESS OF THAT REIT'S REGISTRATION IN MARCH 2003.
<b>Initiated By:</b>	SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	07/10/2009
<b>Docket/Case Number:</b>	3-13544
<b>Principal Product Type:</b>	Direct Investment(s) - DPP & LP Interest(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE: DISGORGEMENT
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	07/10/2009
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$8,650,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	DISGORGEMENT AMOUNT OF \$8,650,000 AND PENALTY AMOUNT OF \$8,650,000 WERE PAID INTO AN ESCROW ACCOUNT UPON EXECUTION OF THE SETTLEMENT.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE CONSENTED TO THE SANCTIONS.

#### Disclosure 34 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final



<b>Allegations:</b>	ON APRIL 23, 2009, THE ALABAMA SECURITIES COMMISSION, IN CONJUNCTION WITH GEORGIA COMMISSIONER OF SECURITIES, ENTERED INTO A CONSENT ORDER RESOLVING AN INQUIRY INTO AMERIPRISE'S FAILURE TO DELIVER A NUMBER OF INVESTMENT PLANS TO CLIENTS IN BOTH ALABAMA AND GEORGIA. AMERIPRISE MADE RESCISSION TO THE CLIENTS AS PART OF THE RESOLUTION TO THIS INQUIRY. AS PART OF THE CONSENT ORDER, AMERIPRISE PAID \$250,000 TO THE STATE OF ALABAMA FOR ADMINISTRATIVE ASSESSMENT AND \$75,000 TO THE ALABAMA SECURITIES COMMISSION FOR INVESTIGATIVE COSTS.
<b>Initiated By:</b>	ALABAMA SECURITIES COMMISSION
<b>Date Initiated:</b>	04/23/2009
<b>Docket/Case Number:</b>	CO-2009-0009
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	04/23/2009
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$250,000.00
<b>Other Sanctions Ordered:</b>	ON APRIL 23, 2009, THE ALABAMA SECURITIES COMMISSION, IN CONJUNCTION WITH GEORGIA COMMISSIONER OF SECURITIES, ENTERED INTO A CONSENT ORDER RESOLVING AN INQUIRY INTO AMERIPRISE'S FAILURE TO DELIVER A NUMBER OF INVESTMENT PLANS TO CLIENTS IN BOTH ALABAMA AND GEORGIA. AMERIPRISE MADE RESCISSION TO THE CLIENTS AS PART OF THE RESOLUTION TO THIS INQUIRY. AS PART OF THE CONSENT ORDER, AMERIPRISE PAID \$250,000 TO THE STATE OF ALABAMA FOR ADMINISTRATIVE ASSESSMENT AND \$75,000 TO THE ALABAMA SECURITIES COMMISSION FOR INVESTIGATIVE COSTS.
<b>Sanction Details:</b>	ON APRIL 23, 2009, THE ALABAMA SECURITIES COMMISSION, IN



CONJUNCTION WITH GEORGIA COMMISSIONER OF SECURITIES, ENTERED INTO A CONSENT ORDER RESOLVING AN INQUIRY INTO AMERIPRISE'S FAILURE TO DELIVER A NUMBER OF INVESTMENT PLANS TO CLIENTS IN BOTH ALABAMA AND GEORGIA. AMERIPRISE MADE RESCISSION TO THE CLIENTS AS PART OF THE RESOLUTION TO THIS INQUIRY. AS PART OF THE CONSENT ORDER, AMERIPRISE PAID \$250,000 TO THE STATE OF ALABAMA FOR ADMINISTRATIVE ASSESSMENT AND \$75,000 TO THE ALABAMA SECURITIES COMMISSION FOR INVESTIGATIVE COSTS.

### Regulator Statement

ON APRIL 23, 2009, THE ALABAMA SECURITIES COMMISSION, IN CONJUNCTION WITH GEORGIA COMMISSIONER OF SECURITIES, ENTERED INTO A CONSENT ORDER RESOLVING AN INQUIRY INTO AMERIPRISE'S FAILURE TO DELIVER A NUMBER OF INVESTMENT PLANS TO CLIENTS IN BOTH ALABAMA AND GEORGIA. AMERIPRISE MADE RESCISSION TO THE CLIENTS AS PART OF THE RESOLUTION TO THIS INQUIRY. AS PART OF THE CONSENT ORDER, AMERIPRISE PAID \$250,000 TO THE STATE OF ALABAMA FOR ADMINISTRATIVE ASSESSMENT AND \$75,000 TO THE ALABAMA SECURITIES COMMISSION FOR INVESTIGATIVE COSTS.

### Reporting Source:

Firm

### Current Status:

Final

### Allegations:

THE ALABAMA SECURITIES COMMISSION AND THE GEORGIA COMMISSIONER OF SECURITIES ALLEGED THAT AN AMERIPRISE FINANCIAL SERVICES, INC. (AFSI) EMPLOYEE DIRECTED THAT A NUMBER OF INVESTMENT PLANS SOLD TO CLIENTS IN BOTH ALABAMA AND GEORGIA BE "CLOSED" ON THE FIRM'S TRACKING SYSTEM WITHOUT CLEARLY COUPLING THAT INSTRUCTION WITH AMERIPRISE'S POLICY REQUIREMENT THAT, PRIOR TO CLOSING, THERE MUST BE CONFIRMATION OF PLAN DELIVERY.

### Initiated By:

ALABAMA SECURITIES COMMISSION AND THE GEORGIA COMMISSIONER OF SECURITIES

### Date Initiated:

04/23/2009

### Docket/Case Number:

CO-2009-0009

### Principal Product Type:

No Product

### Other Product Type(s):

### Principal Sanction(s)/Relief Sought:

Civil and Administrative Penalt(ies) /Fine(s)

### Other Sanction(s)/Relief Sought:

AS PART OF THE RESOLUTION OF THIS MATTER, AMERIPRISE FINANCIAL SERVICES, INC. (AFSI) VOLUNTARILY ISSUED REFUNDS TO THE IMPACTED CLIENTS.





<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	04/23/2009
<b>Sanctions Ordered:</b>	Monetary/Fine \$720,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE FINANCIAL SERVICES, INC. CONSENTED TO ENTRY OF AN ORDER PURSUANT TO WHICH THE FIRM AGREED TO: (1) PAY TO THE STATE OF ALABAMA AN ADMINISTRATIVE ASSESSMENT OF \$250,000; (2) PAY THE ALABAMA SECURITIES COMMISSION \$75,000 FOR INVESTIGATIVE COSTS; (3) PAY \$35,000 TO THE ALABAMA INVESTOR PROTECTION TRUST; (4) PAY \$250,000 TO THE GEORGIA COMMISSIONER OF SECURITIES AS AN ADMINISTRATIVE ASSESSMENT; (5) PAY THE GEORGIA COMMISSIONER OF SECURITIES \$75,000 FOR INVESTIGATIVE COSTS; AND (6) PAY \$35,000 TO THE GEORGIA PROSECUTING ATTORNEYS COUNCIL FOR INVESTOR PROTECTION. ALL FINES WERE PAID ON OR ABOUT 4/23/09. AS PART OF THE RESOLUTION OF THIS MATTER, AFSI ALSO VOLUNTARILY PAID REFUNDS TO IMPACTED CLIENTS.
<b>Firm Statement</b>	WITHOUT ADMITTING LIABILITY OR FACTUAL ALLEGATIONS, AMERIPRISE FINANCIAL SERVICES, INC. CONSENTED TO THE ABOVE SANCTIONS.

#### Disclosure 35 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	RESPONDENT AMERIPRISE FINANCIAL SERVICES, INC. VIOLATED THE BROKER-DEALER CONDUCT PROVISIONS OF THE PA SECURITIES ACT OF 1972.
<b>Initiated By:</b>	PENNSYLVANIA CONTACT: COUNSEL JACK CHIAPPETTA (412)-565-5083
<b>Date Initiated:</b>	01/13/2009
<b>Docket/Case Number:</b>	2008-03-25
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	PLANS
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	RESPONDENT AMERIPRISE FINANCIAL SERVICES, INC. PAID A \$1,600,000.00 ADMINISTRATIVE ASSESSMENT AND \$150,000.00 IN INVESTIGATIVE AND



## LEGAL COSTS.

**Resolution:** Settled

**Resolution Date:** 01/13/2009

**Sanctions Ordered:** Monetary/Fine \$1,750,000.00

**Other Sanctions Ordered:**

**Sanction Details:** RESPONDENT AMERIPRISE FINANCIAL SERVICES, INC. PAID A \$1,600,000.00 ADMINISTRATIVE ASSESSMENT AND \$150,000.00 IN INVESTIGATIVE AND LEGAL COSTS.

**Regulator Statement** FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER ISSUED TO RESPONDENT AMERIPRISE FINANCIAL SERVICES, INC.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEGED FAILURES TO REASONABLY SUPERVISE CERTAIN AGENTS AND ALLEGED DISHONEST OR UNETHICAL PRACTICES.

**Initiated By:** COMMONWEALTH OF PENNSYLVANIA, PENNSYLVANIA SECURITIES COMMISSION

**Date Initiated:** 01/13/2009

**Docket/Case Number:** 2008-03-25

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:** REMEDIAL UNDERTAKINGS

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 01/13/2009

**Sanctions Ordered:** Monetary/Fine \$1,600,000.00

**Other Sanctions Ordered:** AMERIPRISE WAS ALSO ORDERED TO PAY \$150,000 TO COVER THE COSTS OF THE STATE'S INVESTIGATION AND TO COMPLETE CERTAIN REMEDIAL UNDERTAKINGS.

**Sanction Details:** IN JANUARY 2009, AMERIPRISE DELIVERED TO THE PENNSYLVANIA SECURITIES COMMISSION TWO CHECKS TOTALING \$1,750,000 PAYABLE TO



THE COMMONWEALTH OF PENNSYLVANIA TO COVER THE ADMINISTRATIVE ASSESSMENT AND COSTS ASSOCIATED WITH THE SETTLEMENT OF THIS MATTER.

**Firm Statement**

ON JANUARY 13, 2009, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE CONSENTED TO THE ABOVE SANCTIONS.

**Disclosure 36 of 78**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** IT IS ALLEGED THAT DURING THE PERIOD JANUARY 1, 2001, THROUGH MARCH 31, 2002, AMERIPRISE FINANCIAL SERVICES, INC. ("DEFENDANT"): (1) VIOLATED SECTION 13.1-503 A (2) OF THE VIRGINIA SECURITIES ACT ("ACT"), SECTION 13.1-501 ET SEQ. OF THE CODE OF VIRGINIA BY ENGAGING IN A TRANSACTION, PRACTICE, OR COURSE OF BUSINESS WHICH OPERATES OR WOULD OPERATE AS A FRAUD OR DECEIT: (2) VIOLATED SECTION 13.1-503 B OF THE ACT BY MAKING AN UNTRUE STATEMENT OF A MATERIAL FACT, OR OMITTING TO STATE A MATERIAL FACT NECESSARY IN ORDER TO MAKE THE STATEMENTS MADE, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING; (3) VIOLATED SECURITIES RULE 21 VAC 5-80-200 A 1 BY RECOMMENDING TO CLIENTS TO WHOM INVESTMENT SUPERVISORY, MANAGEMENT OR CONSULTING SERVICES ARE PROVIDED THE PURCHASE, SALE OR EXCHANGE OF ANY SECURITY WITHOUT REASONABLE GROUNDS TO BELIEVE THAT THE RECOMMENDATION IS SUITABLE FOR THE CLIENTS ON THE BASIS OF INFORMATION FURNISHED BY THE CLIENTS; AND (4) VIOLATED SECURITIES RULE 21 VAC 5-80-200 A 11 BY FAILING TO DISCLOSE TO CLIENTS IN WRITING BEFORE ANY ADVICE IS RENDERED ANY MATERIAL CONFLICT OF INTEREST RELATING TO THE INVESTMENT ADVISOR OR FEDERALLY COVERED ADVISOR OR ANY OF ITS EMPLOYEES WHICH COULD REASONABLY BE EXPECTED TO IMPAIR THE RENDERING OF UNBIASED AND OBJECTIVE ADVICE.

**Initiated By:** VIRGINIA - DIVISION OF SECURITIES

**Date Initiated:** 07/03/2008

**Docket/Case Number:** SEC-2007-00083

**URL for Regulatory Action:**

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)


**Other Sanction(s)/Relief Sought:**

**Resolution:** Settled

**Resolution Date:** 07/03/2008

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Monetary/Fine \$750,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** SEE ITEM 14.

**Regulator Statement** DEFENDANT AGREED IN A SETTLEMENT ORDER TO PAY A FINE OF \$750,000, TO REIMBURSE THE COMMISSION FOR ITS COST OF THE INVESTIGATION, AND TO MAKE A MONETARY OFFER TO VIRGINIA CLIENTS, TO INCLUDE THE IMPLEMENTATION OF A CLAIMS-MADE PROCESS FOR VIRGINIANS WHO WERE FINANCIAL PLANNING CLIENTS FROM JANUARY 1, 2001 THROUGH MARCH 31, 2002, IN WHICH: (A) A QUALIFIED VIRGINIA CLIENT WHO PAID FINANCIAL PLANNING FEES DURING THE RELEVANT TIME PERIOD, AND HAD PURCHASED INVESTMENTS COMPRISED OF FIFTY PERCENT (50%) OR MORE OF PROPRIETARY MUTUAL FUND PRODUCTS AND WHO PAID FINANCIAL PLANNING FEES DURING THE RELEVANT TIME PERIOD, MAY FILE A CLAIM FOR THREE HUNDRED DOLLARS (\$300) OR THE ACTUAL FINANCIAL PLANNING FEE, WHICHEVER IS LESS, FOR THOSE VIRGINIA CLIENTS WHO PROVIDE REASONABLE FACTUAL INFORMATION SUPPORTING THEIR BELIEF THAT THEIR ADVISOR COMMITTED AN AFFIRMATIVE MISREPRESENTATION RELATED TO THE AVAILABILITY OF NONPROPRIETARY PRODUCT IN CONNECTION WITH THE FINANCIAL PLANNING PROCESS. FOR FURTHER INFORMATION CONTACT DON MEUNIER AT 804-371-9079.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE VIRGINIA STATE CORPORATION COMMISSION (THE "COMMISSION") ALLEGED THAT FROM JANUARY 1, 2001 THROUGH MARCH 31, 2002, AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE") DID NOT PROVIDE ADEQUATE DISCLOSURE REGARDING CONFLICTS OF INTEREST THAT



MIGHT AFFECT THE INVESTMENT ADVICE PROVIDED TO VIRGINIA FINANCIAL PLANNING CLIENTS OF AMERIPRISE.

<b>Initiated By:</b>	COMMONWEALTH OF VIRGINIA, STATE CORPORATION COMMISSION
<b>Date Initiated:</b>	07/03/2008
<b>Docket/Case Number:</b>	SEC-2007-00083
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	07/03/2008
<b>Sanctions Ordered:</b>	Monetary/Fine \$750,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	WITHOUT ADMITTING LIABILITY, AMERIPRISE AGREED TO PAY \$30,000 TO THE COMMISSION TO COVER THE COSTS OF ITS INVESTIGATION, AND TO IMPLEMENT A CLAIMS-MADE PROCESS FOR VIRGINIA CLIENTS WHO WERE FINANCIAL PLANNING CLIENTS OF AMERIPRISE FROM JANUARY 1, 2001 THROUGH MARCH 31, 2002. PURSUANT TO THE SETTLEMENT, PERSONS WHO, FROM JANUARY 1, 2001 THROUGH MARCH 31, 2002: (1) RESIDED IN VIRGINIA, (2) WERE FINANCIAL PLANNING CLIENTS OF AMERIPRISE FINANCIAL; (3) PURCHASED FIFTY PERCENT (50%) OR MORE OF PROPRIETARY MUTUAL FUND PRODUCTS (I.E., MUTUAL FUND PRODUCTS ISSUED, MARKETING AND SOLD BY AMERIPRISE FINANCIAL OR ITS PREDECESSORS AND AFFILIATES) IN THEIR ACCOUNT; AND (4) PAID A FINANCIAL PLANNING FEE TO AMERIPRISE DURING THIS PERIOD ("ELIGIBLE VIRGINIA CLIENTS"), ARE ELIGIBLE TO RECEIVE A FINANCIAL SETTLEMENT.
<b>Sanction Details:</b>	ON JUNE 11, 2008, AMERIPRISE SENT CHECKS TOTALING \$780,000 TO THE TREASURER OF THE COMMONWEALTH OF VIRGINIA AND DIVISION OF SECURITIES & RETAIL FRANCHISING TO COVER THE FINES AND COSTS ASSOCIATED WITH THE SETTLEMENT OF THIS MATTER.
<b>Firm Statement</b>	ON JULY 3, 2008, WITHOUT ADMITTING LIABILITY, AMERIPRISE CONSENTED TO ABOVE SANCTIONS.



## Disclosure 37 of 78

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110 AND 6230 - RESPONDENT FAILED TO PROPERLY REPORT CORPORATE BOND TRANSACTIONS IN THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) REPORTING SYSTEM.

**Initiated By:** FINRA

**Date Initiated:** 06/20/2008

**Docket/Case Number:** [2007007118101](#)

**Principal Product Type:** Other

**Other Product Type(s):** CORPORATE BONDS

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 06/20/2008

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, AMERIPRISE FINANCIAL SERVICES, INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA ALLEGED THAT FOR THE MONTHS OF DECEMBER 2005, JANUARY



2006 AND DECEMBER 2006 AMERIPRISE FINANCIAL SERVICES, INC. VIOLATED NASD MARKETPLACE RULE 6230 AND NASD CONDUCT RULE 2110 BY FAILING TO ADEQUATELY REPORT THE YIELDS FOR CERTAIN OF ITS CORPORATE BOND TRANSACTIONS, AS WELL AS FAILED TO CORRECTLY REPORT BOTH THE CUSTOMER-SIDE AND DEALER-SIDE TRADES AND THE CAPACITY FOR CERTAIN CORPORATE BOND TRANSACTIONS IN THE TRACE REPORTING SYSTEM. AS A RESULT, ON JUNE 23, 2008 FINRA CENSURED AND FINED AMERIPRISE FINANCIAL SERVICES, INC. \$10,000

**Initiated By:** FINRA, DEPARTMENT OF ENFORCEMENT

**Date Initiated:** 06/20/2008

**Docket/Case Number:** 20070071181

**Principal Product Type:** Other

**Other Product Type(s):** CORPORATE BONDS

**Principal Sanction(s)/Relief Sought:** Cease and Desist

**Other Sanction(s)/Relief Sought:** FINE

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 06/20/2008

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** FINE IN THE AMOUNT OF \$10,000.00

**Firm Statement** FINRA ALLEGED THAT FOR THE MONTHS OF DECEMBER 2005, JANUARY 2006 AND DECEMBER 2006 AMERIPRISE FINANCIAL SERVICES, INC. VIOLATED NASD MARKETPLACE RULE 6230 AND NASD CONDUCT RULE 2110 BY FAILING TO ADEQUATELY REPORT THE YIELDS FOR CERTAIN OF ITS CORPORATE BOND TRANSACTIONS, AS WELL AS FAILED TO CORRECTLY REPORT BOTH THE CUSTOMER-SIDE AND DEALER-SIDE TRADES AND THE CAPACITY FOR CERTAIN CORPORATE BOND TRANSACTIONS IN THE TRACE REPORTING SYSTEM. AS A RESULT, ON JUNE 23, 2008 FINRA CENSURED AND FINED AMERIPRISE FINANCIAL SERVICES, INC. \$10,000



<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ILLINOIS SECURITIES DEPARTMENT ALLEGED THAT AMERIPRISE DID NOT PROVIDE ADEQUATE DISCLOSURES OF MATERIAL INFORMATION REGARDING ITS PROPRIETARY MUTUAL FUNDS, INCLUDING THE EXISTENCE OF CERTAIN REVENUE-SHARING AGREEMENTS, FINANCIAL INCENTIVES TO SELL THE FUNDS, AND THE LIMITED TRANSFERABILITY OF THOSE FUNDS TO OTHER BROKERAGE/ADVISORY FIRMS. THE DEPARTMENT ALSO ALLEGED THAT AMERIPRISE, THROUGH ITS REPRESENTATIVES, PLACED CUSTOMERS INTO ITS PROPRIETARY FUNDS WHEN OTHER, BETTER PERFORMING, FUNDS WERE AVAILABLE DURING THE YEARS OF 2000 THROUGH 2003. THIS MATTER WAS RESOLVED THROUGH SETTLEMENT (SEE COMMENTS, BELOW).
<b>Initiated By:</b>	ILLINOIS
<b>Date Initiated:</b>	06/02/2008
<b>Docket/Case Number:</b>	0500280
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	NOTICE OF HEARING
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	06/02/2008
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	Yes
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	AMERIPRISE WILL DEVELOP A RESTITUTION SCHEME TO ADDRESS CERTAIN INVESTORS OF CERTAIN PROPRIETARY MUTUAL FUNDS THAT ATTEMPT TO TRANSFER THEIR ACCOUNTS TO A BROKERAGE/ADVISORY FIRM WITH WHICH AMERIPRISE DOES NOT HAVE A SALES AGREEMENT.
<b>Sanction Details:</b>	AMERIPRISE WILL PAY TO THE SECURITIES AUDIT AND ENFORCEMENT





FUND \$750,000.00 FOR THE FAILURE TO DISCLOSE THE LIMITED TRANSFERABILITY OF ITS PROPRIETARY FUNDS, \$750,000.00 TO THE SECURITIES INVESTOR EDUCATION FUND FOR FAILURE TO DISCLOSE CERTAIN CONFLICTS OF INTEREST RELATED TO THE SALE OF ITS PROPRIETARY MUTUAL FUNDS, AND WILL DEVELOP A SCHEME TO IDENTIFY AND WAIVE SEVERANCE FEES FOR CERTAIN CUSTOMERS THAT ATTEMPT TO TRANSFER THEIR ACCOUNTS TO CERTAIN BROKERAGE/ADVISORY FIRMS.

### Regulator Statement

NOTICE OF HEARING WAS ISSUED ON JUNE 2, 2008. THE HEARING IS SCHEDULED FOR SEPTEMBER 22, 2008. ORDER OF DISMISSAL WAS ISSUED ON JUNE 2, 2008. CONTACT (312) 793-3384

### Reporting Source:

Firm

### Current Status:

Final

### Allegations:

THE ILLINOIS SECURITIES DEPARTMENT (THE "DEPARTMENT") ALLEGED THAT PRIOR TO 4/1/02 AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE") DID NOT PROVIDE ADEQUATE DISCLOSURES OF MATERIAL INFORMATION REGARDING ITS PROPRIETARY MUTUAL FUNDS, INCLUDING THE EXISTENCE OF CERTAIN REVENUE SHARING AGREEMENTS, FINANCIAL INCENTIVES TO SELL THE FUNDS, AND THE LIMITED TRANSFERABILITY OF THOSE FUNDS TO OTHER BROKERAGE/ADVISORY FIRMS. THE DEPARTMENT ALSO ALLEGED THAT CERTAIN AMERIPRISE FINANCIAL ADVISORS WERE NOT ADEQUATELY FAMILIAR WITH THE LIMITED TRANSFERABILITY OF PROPRIETARY MUTUAL FUNDS AND PROVIDED INACCURATE INFORMATION TO CLIENTS. THE DEPARTMENT ALLEGED THAT THESE ACTIONS VIOLATED CERTAIN PROVISIONS OF ILLINOIS LAW.

### Initiated By:

STATE OF ILLINOIS, SECRETARY OF STATE, SECURITIES DEPARTMENT

### Date Initiated:

06/02/2008

### Docket/Case Number:

0500280

### Principal Product Type:

Mutual Fund(s)

### Other Product Type(s):

### Principal Sanction(s)/Relief Sought:

Undertaking

### Other Sanction(s)/Relief Sought:

CIVIL AND ADMINISTRATIVE PENALTY(IES)/FINES

### Resolution:

Decision & Order of Offer of Settlement



<b>Resolution Date:</b>	06/02/2008
<b>Sanctions Ordered:</b>	Monetary/Fine \$1,500,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS
<b>Sanction Details:</b>	BY JANUARY 1, 2009, AMERIPRISE WILL DEVELOP A RESTITUTION SCHEME TO ADDRESS CERTAIN INVESTORS OF CERTAIN PROPRIETARY MUTUAL FUNDS THAT ATTEMPT TO TRANSFER THEIR ACCOUNTS TO A BROKERAGE/ADVISORY FIRM WITH WHICH AMERIPRISE DOES NOT HAVE A SALES AGREEMENT. ALSO, ON JUNE 10, 2008, AMERIPRISE PAID (1) \$750,000 TO THE ILLINOIS SECRETARY OF STATE, SECURITIES AUDIT AND ENFORCEMENT FUND FOR THE FAILURE TO DISCLOSE THE LIMITED TRANSFERABILITY OF ITS PROPRIETARY MUTUAL FUNDS, AND (2) \$750,000 TO THE ILLINOIS SECRETARY OF STATE FOR THE INVESTOR EDUCATION FUND FOR FAILURE TO DISCLOSE CERTAIN CONFLICTS OF INTEREST RELATED TO THE SALE OF ITS PROPRIETARY MUTUAL FUNDS.
<b>Firm Statement</b>	ON JUNE 4, 2008, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE AGREED TO PAY THE FINES. AMERIPRISE ALSO AGREED TO DEVELOP AND IMPLEMENT A PROCESS SO THAT CUSTOMERS WHO PURCHASED PROPRIETARY MUTUAL FUNDS BETWEEN JANUARY 1, 2000 AND JULY 31, 2005 FROM AN AMERIPRISE FINANCIAL ADVISOR LOCATED IN ILLINOIS, DO NOT HAVE TO PAY A SALES CHARGE IF THOSE CLIENTS WANT TO LIQUIDATE THEIR PROPRIETARY MUTUAL FUNDS AND TRANSFER TO ANOTHER BROKER-DEALER.

#### Disclosure 39 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FORMER AMERIPRISE FINANCIAL SERVICES, INC. ("AFSI") ADVISOR AND FRANCHISE OWNER, OSCAR DONALD OVERBEY, JR. ("OVERBEY"), TOOK MONEY FROM CURRENT AND FORMER AFSI CUSTOMERS BY ENGAGING IN ACTIVITIES AWAY FROM THE COMPANY. UPON DISCOVERING OVERBEY'S MISCONDUCT, AFSI SUSPENDED OVERBEY AND CONTACTED THE ILLINOIS SECURITIES DEPARTMENT TO SELF-DISCLOSE OVERBEY'S ACTIVITIES. THE DEPARTMENT ALLEGED THAT NEITHER AFSI NOR OVERBEY'S SUPERVISORS, ENGAGED IN OVERSIGHT THAT UNCOVERED OVERBEY'S MISCONDUCT.
<b>Initiated By:</b>	STATE OF ILLINOIS, ILLINOIS SECURITIES DEPARTMENT
<b>Date Initiated:</b>	01/25/2008
<b>Docket/Case Number:</b>	C0700247



<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Undertaking
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	01/25/2008
<b>Sanctions Ordered:</b>	Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	<p>WITHOUT ADMITTING LIABILITY, AFSI CONSENTED TO AN ORDER, REQUIRING AFSI TO PAY \$75,000 TO COVER THE COSTS OF THE DEPARTMENT'S INVESTIGATION. AFSI ALSO AGREED THAT IT HAS OR WILL MAKE SETTLEMENT OFFERS TO 13 CURRENT AND FORMER CUSTOMERS IMPACTED BY THE FORMER ADVISOR'S ACTIVITIES NOT LATER THAN 30 DAYS OF THE ENTRY OF THE ORDER. AFSI WAS ALSO ORDERED TO NOTIFY THE DEPARTMENT WITHIN 10 DAYS OF DISCOVERY OF ANY ADDITIONAL IMPACTED CUSTOMERS AND TO COMPLETE AN INVESTIGATION OF THESE NEWLY DISCOVERED IMPACTED CUSTOMERS ON AN EXPEDITED BASIS WITHIN 30 DAYS AND TO SEND THE DEPARTMENT A WRITTEN REPORT WITH FINDINGS AND A PROPOSED RESOLUTION. AFSI WAS ALSO ORDERED TO INCLUDE IN ITS TRAINING FOR ALL SUPERVISORY PERSONNEL OPERATING IN ILLINOIS A MANDATORY ANNUAL SEMINAR ON IDENTIFYING RED FLAGS AMONG ITS ADVISORS, AND IN PARTICULAR, AMONG ITS ADVISORS' OUTSIDE BUSINESS ACTIVITIES. AFSI WAS ALSO ORDERED TO REVIEW AND REVISE POLICIES AND PROCEDURES REGARDING THE REPORTING OF SUSPICIOUS ACTIVITIES OF ADVISORS BY OTHER ADVISORS AND, AT A MINIMUM, ESTABLISH A PHONE LINE THROUGH WHICH ADVISORS MAY ANONYMOUSLY REPORT SUSPICIOUS ACTIVITIES OF OTHER ADVISORS.</p>
<b>Sanction Details:</b>	<p>AFSI PAID \$75,000 ON 1/25/08 TO COVER THE COST OF THE INVESTIGATION. AFSI ALSO HAS OR WILL MAKE SETTLEMENT OFFERS TO 13 CURRENT AND FORMER AMERIPRISE CUSTOMERS IMPACTED BY OVERBEY'S SELLING AWAY ACTIVITIES.</p>
<b>Firm Statement</b>	<p>WITHOUT ADMITTING OR DENYING LIABILITY, AFSI PAID \$75,000 TO THE DEPARTMENT TO COVER THE COSTS OF ITS INVESTIGATION. AFSI ALSO HAS OR WILL MAKE SETTLEMENT OFFERS TO 13 CURRENT AND FORMER AMERIPRISE CUSTOMERS IMPACTED BY OVERBEY'S SELLING AWAY ACTIVITIES. AFSI WILL COMPLETE ITS INVESTIGATION OF ANY SUCH IMPACTED CURRENT OR FORMER CUSTOMERS WITHIN 30 DAYS OF LEARNING OF THEM AND PROVIDE THE DEPARTMENT WITH A WRITTEN</p>



REPORT OF FINDINGS AND PROPOSED RESOLUTION. AFSI ALSO INTENDS TO COMPLY WITH ITS OTHER REMEDIAL UNDERTAKINGS.

## Disclosure 40 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>NASD RULES 2110, 2830(L)(5)(D)(I) AND (II), AND 3010(B): DURING THE PERIOD JANUARY 2002 THROUGH DECEMBER 2004, AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE" OR THE "FIRM") AWARDED NON-CASH COMPENSATION TO NON-SELLING FIELD LEADERS, THROUGH FOUR SALES INCENTIVE PROGRAMS, BASED, IN PART, ON CERTAIN CRITERIA THAT FAVORED OR GAVE ADDITIONAL WEIGHT TO THE SALE OF THE FIRM'S PROPRIETARY MUTUAL FUNDS. FOR "NON-SELLING FIELD LEADERS," WHO SUPERVISED REGISTERED REPRESENTATIVES BUT DID NOT ENGAGE IN SELLING ACTIVITY, INCLUDING GROUP VICE PRESIDENTS, FIELD VICE PRESIDENTS AND CERTAIN OTHER MANAGERS ("FIELD LEADERS"), ELIGIBILITY FOR THE FOUR INCENTIVE PROGRAMS WAS MEASURED USING A SCORECARD. A COMPONENT OF EACH FIELD LEADER'S SCORECARD, WHICH ACCOUNTED FOR BETWEEN 25% AND 30% OF THE TOTAL SCORE, MEASURED THE SALE OF THE FIRM'S PROPRIETARY INVESTMENT COMPANY PRODUCTS, INCLUDING AMERIPRISE'S PROPRIETARY MUTUAL FUNDS, BY THE ADVISORS WHO REPORTED TO THAT FIELD LEADER. THE TOP FIELD LEADERS, BASED ON THEIR SCORECARD RESULTS, WERE AWARDED WITH TRIPS AND CREDITS TO REDEEM FOR JEWELRY. THE FIRM ALSO AWARDED CERTAIN FIELD LEADERS LONG-TERM INCENTIVE AWARDS IN THE FORM OF STOCK OPTIONS AND RESTRICTED STOCK AWARDS BASED, IN PART, ON THE RESULTS OF THE FIELD LEADER'S SCORECARD. AS A RESULT, THE INCENTIVE PROGRAMS THAT AWARDED NON-CASH COMPENSATION TO FIELD LEADERS BASED ON THEIR SCORECARD RESULTS WERE NOT BASED ON THE TOTAL SALES OF ASSOCIATED PERSONS WITH RESPECT TO ALL INVESTMENT COMPANY SECURITIES DISTRIBUTED BY THE FIRM. THESE INCENTIVE PROGRAMS ALSO FAILED TO GIVE EQUAL WEIGHT TO THE SALE OF ALL INVESTMENT COMPANY PRODUCTS. IN ADDITION, DURING THE PERIOD JANUARY 2002 THROUGH AUGUST 2005, THE FIRM DID NOT HAVE SUFFICIENT PROCEDURES, INCLUDING WRITTEN PROCEDURES THAT SPECIFIED THE TIME PERIODS THAT CUSTOMER TRANSACTION DATA MUST BE MAINTAINED IN AN EASILY ACCESSIBLE PLACE, AS REQUIRED BY SEC RULE 17A-4. (CONTINUED IN COMMENTS SECTION)</p>
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	12/10/2007



<b>Docket/Case Number:</b>	<a href="#">2005000682901</a>
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	12/10/2007
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$145,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED AND FINED \$145,000.
<b>Regulator Statement</b>	(FINDINGS CONTINUED)THE FIRM ALSO DID NOT HAVE ADEQUATE PROCEDURES THAT ADDRESSED HOW AND WHEN THE DATA ON ITS VARIOUS SYSTEMS, INCLUDING CUSTOMER TRANSACTION DATA, WAS TO BE MAINTAINED, KEPT OR ARCHIVED. BY FAILING TO ESTABLISH AND MAINTAIN PROCEDURES, INCLUDING WRITTEN PROCEDURES, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SEC RULE 17A-4 AND NASD 3110(A), THE FIRM VIOLATED NASD RULES 3010(B) AND 2110.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA") ALLEGED THAT FROM JANUARY 2002 THROUGH DECEMBER 2004, AMERIPRISE FINANCIAL SERVICES, INC. ("AFSI") AWARDED NON-CASH COMPENSATION TO ADVISORS AND FIELD LEADERS THROUGH INCENTIVE ARRANGEMENTS THAT WERE BASED, IN PART, ON THE GROSS DEALER CONCESSION ("GDC") EARNED ON THE SALE OF THE FIRM'S



PROPRIETARY INVESTMENT COMPANY PRODUCTS, RATHER THAN ON THE SALE OF ALL INVESTMENT COMPANY PRODUCTS. FINRA ALSO ALLEGED THAT THESE NON-CASH COMPENSATION ARRANGEMENTS WERE NOT BASED ON THE TOTAL PRODUCTION OF ASSOCIATED PERSONS WITH RESPECT TO INVESTMENT COMPANY SECURITIES DISTRIBUTED BY AFSI. IN ADDITION, FINRA ALLEGED THAT THE NON-CASH COMPENSATION ARRANGEMENTS DID NOT GIVE EQUAL WEIGHTING TO THE SALE OF ALL INVESTMENT COMPANY PRODUCTS. THIS VIOLATED NASD RULES 2830(1)(5)(D)(I) AND (II) AND 2110.

FINRA ALSO ALLEGED THAT FROM JANUARY 2002 THROUGH AUGUST 2005, AFSI VIOLATED NASD RULES 3010(B) AND 2110 BY FAILING TO ESTABLISH AND MAINTAIN PROCEDURES REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH ITS RECORD RETENTION OBLIGATIONS UNDER SEC RULE 17A-4 AND NASD RULE 3110.

<b>Initiated By:</b>	FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA")
<b>Date Initiated:</b>	12/10/2007
<b>Docket/Case Number:</b>	<a href="#">2005000682901</a>
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	12/10/2007
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$145,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	ON 12/27/2007, AFSI PAID FINE OF \$145,000.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, AFSI ACCEPTED AND CONSENTED TO THE SANCTIONS BY FINRA.

#### Disclosure 41 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final



<b>Allegations:</b>	RESPONDENT VIOLATED A PRIOR ORDER OF THE BUREAU DATED JULY 2005. THE PRIOR ORDER REQUIRED THE RESPONDENT TO CEASE AND DESIST AND TO REPORT COMPLIANCE ISSUES TO THE BUREAU AND THE RESPONDENT FAILED TO DO SO. RESPONDENT FAILED TO REPORT FORGERY AND IMPROPER FINANCIAL PLAN CLOSURES AMONG OTHER INFRACTIONS. RESPONDENT FAILED TO SUPERVISE ITS AGENTS. RESPONDENT WITHHELD AND CONCEALED INFORMATION IT WAS REQUIRED TO REPORT TO THE BUREAU. ACTION WAS ALSO TAKEN AGAINST AMERIPRISE FINANCIAL, INC. AND LARRY POST THE FIRM'S GROUP VP FOR NH.
<b>Initiated By:</b>	NEW HAMPSHIRE BUREAU OF SECURITIES REGULATION
<b>Date Initiated:</b>	01/01/2007
<b>Docket/Case Number:</b>	INV06-003
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	NA
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	ADMINISTRATIVE FINE, RESTITUTION, UNDERTAKINGS.
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	04/09/2008
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	Yes
<b>Sanctions Ordered:</b>	Monetary/Fine \$3,250,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	POST CANNOT HOLD A MANAGEMENT OR SALES POSITION WITHIN NH'S JURISDICTION FOR A 5 YEAR PERIOD. RESPONDENT TO REPORT COMPLAINT CHANGES TO THE BUREAU ON 12/31/2008.
<b>Sanction Details:</b>	SEE ABOVE.
<b>Regulator Statement</b>	SEE ABOVE.



**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE BUREAU ALLEGED AMONG OTHER THINGS, THAT AMERIPRISE FAILED TO PROPERLY REPORT OCCURRENCES OF ADVISOR FORGERIES AS REQUIRED UNDER A 2005 SETTLEMENT AGREEMENT WITH THE BUREAU. THE BUREAU ALLEGED THAT THESE ACTIONS VIOLATED CERTAIN PROVISIONS OF NH LAW AND RESULTED FROM AMERIPRISE'S AND POST'S FAILURE TO SUPERVISE ITS AGENTS AND EMPLOYEES.

**Initiated By:** STATE OF NEW HAMPSHIRE, BUREAU OF SECURITIES REGULATION

**Date Initiated:** 10/22/2007

**Docket/Case Number:** INV06-003

**Principal Product Type:** Other

**Other Product Type(s):** FINANCIAL PLANS

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:** PAY \$3.5M PENALTIES/COSTS TO NH BUREAU OF SECURITIES REG("BUREAU"); LARRY POST("POST")NO SALES/MGMT. POSITION IN NH SECURITIES REG. JURISDICTION FOR 5YRS; 12/31/08 AMERIPRISE FINANCIAL,INC.&AMERIPRISE FINANCIAL SERVICES,INC.("COLLECTIVELY AMERIPRISE")REPORT TO BUREAU RESULTS OF PLAN DELIVERY SPOT CHECKS, FIELD GOVERNANCE BOARD ISSUES, COMPLIANCE ISSUES ADDRESSED IN NORTH.NEW ENGLAND IN '07 & '08, IMPLEMENTATION STATUS SUPERVISORY CHANGES INTRODUCED; AMERIPRISE & POST CEASE & DESIST FROM VIOLATIONS OF NH LAW

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 04/09/2008

**Sanctions Ordered:** Monetary/Fine \$3,500,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** ON APRIL 9, 2008, PURSUANT TO A SETTLEMENT WITH THE BUREAU, AMERIPRISE FINANCIAL SERVICES, INC. PAID \$1,775,000 TO THE BUREAU AND \$100,000 TO NASAA. WITHOUT ADMITTING OR DENYING THE BUREAU'S ALLEGATIONS, MR. POST CONSENTED TO AN ORDER WHICH PROVIDES THAT HE CANNOT HOLD A SALES OR MANAGEMENT POSITION WITHIN THE NH SECURITIES REGULATION JURISDICTION FOR A 5 YEAR PERIOD.



**Firm Statement**

IN APRIL 2008, AMERIPRISE, LARRY POST AND THE BUREAU REACHED A SETTLEMENT RELATING TO ALLEGATIONS THAT AMERIPRISE, AMONG OTHER THINGS, FAILED TO PROPERLY REPORT OCCURRENCES OF ADVISOR FORGERIES AS REQUIRED UNDER A 2005 SETTLEMENT AGREEMENT WITH THE BUREAU AND THAT AMERIPRISE, AND POST FAILED TO SUPERVISE ITS AGENTS AND EMPLOYEES. THE BUREAU ALSO ALLEGED THESE ACTIONS VIOLATED CERTAIN PROVISIONS OF NH LAW, AND RESULTED FROM AMERIPRISE AND POST'S FAILURE TO SUPERVISE ITS AGENTS AND EMPLOYEES. PURSUANT TO THE SETTLEMENT, AMERIPRISE FINANCIAL SERVICES, INC. AGREED TO PAY A TOTAL OF \$3.5 MILLION IN FINES AND COSTS. AMERIPRISE FINANCIAL SERVICES, INC. ALSO AGREED TO SUBMIT A WRITTEN REPORT TO THE BUREAU ON DECEMBER 31, 2008 WHICH ADDRESSES ALL PLAN DELIVERY SPOT CHECKS CONDUCTED, ADVISOR AND SUPERVISOR DISCIPLINARY ISSUES AND ANY COMPLIANCE ISSUES WHICH AROSE AND/OR WERE ADDRESSED IN THE NORTHERN NEW ENGLAND MARKET GROUP, DURING THE TIME PERIOD 2007 THROUGH 2008, AS WELL AS THE STATUS OF THE IMPLEMENTATION OF ALL COMPLIANCE AND SUPERVISORY CHANGES BEING INTRODUCED IN THAT MARKET GROUP DURING THIS SAME TIME PERIOD.

**Disclosure 42 of 78**

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FAILED TO REASONABLE SUPERVISE THE ACTIVITIES OF TWO REGISTERED REP IN THE STATE OF GA.
<b>Initiated By:</b>	GEORGIA COMMISSIONER OF SECURITIES
<b>Date Initiated:</b>	10/01/2007
<b>Docket/Case Number:</b>	ENSC-01007
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	24-MONTHS MONITORING STARTING 10/01/07. \$40,000 CIVIL PENALTY AND VOLUNTARY CONTRIBUTION TO INVESTOR PROTECTION TRUST TO GEORGIA AND REASONABLE INVESTIGATIVE AND ADMINISRATIVE COSTS.
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)



**Resolution Date:** 10/01/2007

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** Yes

**Sanctions Ordered:** Censure  
Monetary/Fine \$40,000.00

**Other Sanctions Ordered:** 24 MONTHS MONITORING BEGINNING 10/01/2007. REINBURSE REASONABLE INVESTIGATIVE AND ADMINISTRATIVE COSTS. MAKE VOLUNTARY CONTRIBUTION TO INVESTOR PROTECTION TRUST IN GEORGIA.

**Sanction Details:** FAILED TO REASONABLE SUPERVISE REGISTERED SALES REPS IN THE STATE OF GEORGIA.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE COMMISSIONER ALLEGED THAT BETWEEN 1998 AND 2006 AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE") FAILED TO REASONABLY SUPERVISE THE ACTIVITIES OF SECURITIES SALESPERSONS, ERIC IVES SCHWINDEMAN ("SCHWINDEMAN") AND MAUREEN CATHERINE SULLIVAN ("SULLIVAN"). DURING THAT TIME, SCHWINDEMAN AND SULLIVAN FORGED CUSTOMER NAMES ON FINANCIAL DOCUMENTS FOR THE PURPOSE OF CONDUCTING UNAUTHORIZED TRANSACTIONS. THE ALLEGED CONDUCT VIOLATES O.C.G.A. & 10-5-12 AND RULE AND REGULATION OF THE STATE OF GEORGIA 590-4-2-.07.

**Initiated By:** COMMISSIONER OF SECURITIES, STATE OF GEORGIA

**Date Initiated:** 11/01/2006

**Docket/Case Number:** ENSC01007

**Principal Product Type:** Other

**Other Product Type(s):** VARIOUS PRODUCTS

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** (1)\$40,000 CIVIL PENALTY; (2)CONTRIBUTION TO INVESTOR PROTECTION TRUST IN STATE OF GEORGIA; (3) PAY INVESTIGATIVE AND ADMINISTRATIVE COSTS INCURRED BY THE COMMISSIONER;



(4)UNDERTAKING: BEGINNING 10/1/07, AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE") WILL MONITOR FOR 24 MONTHS ITS COMPLIANCE WITH ITS ENHANCED SUPERVISORY SYSTEMS AND THE GEORGIA SECURITIES ACT OF 1973.

<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	10/01/2007
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$40,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING
<b>Sanction Details:</b>	ON 10/26/2007, AMERIPRISE SENT \$10,000 TO THE INVESTOR PROTECTION TRUST IN STATE OF GEORGIA.
<b>Firm Statement</b>	IN OCTOBER 2007, WITHOUT ADMITTING OR DENYING THE FINDINGS, AMERIPRISE ACCEPTED AND CONSENTED TO THE FINDINGS BY THE COMMISSIONER THAT AMERIPRISE FAILED TO REASONABLY SUPERVISE THE ACTIVITIES OF CERTAIN SECURITIES SALESPERSONS BY FAILING TO DETECT FRAUDULENT SALES PRACTICES IN CUSTOMERS' SECURITIES ACCOUNTS BETWEEN 1998 AND 2006. AMERIPRISE PAID THE \$40,000 CIVIL PENALTY AND CONSENTED TO THE 24-MONTH MONITORING PERIOD.

#### Disclosure 43 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	STATE ALLEGED THAT AMERIPRISE FINANCIAL SERVICES, INC. FAILED TO ADEQUATELY SUPERVISE FORMER ADVISOR, J.R. JONES, IN CONNECTION WITH OUTSIDE BUSINESS ACTIVITIES, ALLEGEDLY RESULTING IN SELLING AWAY.
<b>Initiated By:</b>	STATE OF MISSISSIPPI BUSINESS REGULATION AND ENFORCEMENT DIVISION
<b>Date Initiated:</b>	05/24/2007
<b>Docket/Case Number:</b>	S-06-0337
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	OUTSIDE BUSINESS ACTIVITY
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	RESTITUTION, UNDERTAKING



<b>Resolution:</b>	Order
<b>Resolution Date:</b>	01/10/2008
<b>Sanctions Ordered:</b>	Monetary/Fine \$150,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	ON 1/18/2007, THE APPLICANT PAID FINE OF \$150,000.
<b>Firm Statement</b>	STATE ALLEGED THAT AMERIPRISE FINANCIAL SERVICES, INC. FAILED TO ADEQUATELY SUPERVISE FORMER ADVISOR, J.R. JONES, IN CONNECTION WITH OUTSIDE BUSINESS ACTIVITIES, ALLEGEDLY RESULTING IN SELLING AWAY. WITHOUT ADMITTING LIABILITY OR ANY OF THE FACTS ALLEGED, APPLICANT CONSENTED TO THE ORDER AND AGREED TO UNDERTAKINGS.

#### Disclosure 44 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE DIVISION ALLEGED THAT AMERIPRISE FINANCIAL SERVICES, INC. FAILED TO ADEQUATELY SUPERVISE SHANE SELEWACH, WHICH RESULTED IN SELEWACH'S SELLING UNSUITABLE INVESTMENTS TO CLIENTS AND MISAPPROPRIATING CLIENT ASSETS. THE DIVISION ALLEGED THESE ACTIONS VIOLATED CERTAIN PROVISIONS OF THE MASSACHUSETTS UNIFORM SECURITIES ACT, M.G.L.C. 110A ("ACT") AND RELATED REGULATIONS, 950 C.M.R. 10.00 ET SEQ.
<b>Initiated By:</b>	MASSACHUSETTS SECURITIES DIVISION
<b>Date Initiated:</b>	08/23/2006
<b>Docket/Case Number:</b>	E-2006-0047
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	STOCKS AND SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	RESTITUTION, UNDERTAKING
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	03/21/2007
<b>Sanctions Ordered:</b>	Cease and Desist/Injunction



**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** ON MARCH 21, 2007, WITHOUT ADMITTING LIABILITY, AMERIPRISE FINANCIAL SERVICES, INC. CONSENTED TO AN ORDER REQUIRING IT TO: PAY \$25,000 TO THE DIVISION FOR THE COSTS OF ITS INVESTIGATION, REIMBURSE CERTAIN IMPACTED CLIENTS FOR LOSSES ATTRIBUTABLE TO OUTSIDE BUSINESS ACTIVITIES CONDUCTED WITH SELEWACH, MAKE REASONABLE EFFORTS TO DETERMINE WHICH OF SELEWACH'S AMERIPRISE FINANCIAL SERVICES, INC. CLIENTS PROVIDED HIM WITH MONIES DURING THE TIME SELEWACH WAS AN AMERIPRISE FINANCIAL SERVICES, INC. ADVISOR FOR INVESTMENT IN ANY OUTSIDE BUSINESS ACTIVITY, PROVIDE A LIST OF THOSE CLIENT NAMES TO THE DIRECTOR OF THE DIVISION, AND REIMBURSE THOSE CLIENTS FOR ANY FUNDS INVESTED BY ANY SELEWACH CLIENT IN ANY OUTSIDE BUSINESS ACTIVITY, WITH INTEREST. AMERIPRISE FINANCIAL SERVICES, INC. ALSO UNDERTOOK TO MAINTAIN A LEAST ONE FULL-TIME PERSON IN MASSACHUSETTS SOLELY RESPONSIBLE FOR COMPLIANCE DUTIES. AMERIPRISE FINANCIAL SERVICES, INC. ALSO UNDERTOOK TO: (1) REPLACE ITS SUPERVISORY/TRANSACTION REVIEW TECHNOLOGY/PLATFORM AND PROVIDE THE DIRECTOR WITH A SUMMARY OF THE IMPROVED TOOLS PROVIDED BY THIS NEW PLATFORM, (2) CONDUCT MANDATORY TRAINING FOR ALL MASSACHUSETTS SUPERVISORY PERSONNEL AND REQUIRE IT IN 2008 FOR ANY PERSON ASSUMING SUPERVISORY RESPONSIBILITIES WITHIN 90 DAYS OF ASSIGNMENT. AMERIPRISE FINANCIAL SERVICES, INC. ALSO UNDERTOOK TO REVIEW ITS SUPERVISORY PRACTICES FOR OUTSIDE BUSINESS ACTIVITIES AND PRIVATE SECURITIES TRANSACTIONS. BY AUGUST 18, 2007, AMERIPRISE FINANCIAL SERVICES, INC., ALSO UNDERTOOK TO PROVIDE A WRITTEN SUMMARY TO THE DIRECTOR OF ITS REVIEW AND ANY STEPS TAKEN TO IMPROVE OR ENHANCE ITS PRACTICES.

**Firm Statement** IN MARCH 2007, WITHOUT ADMITTING LIABILITY, AMERIPRISE FINANCIAL SERVICES, INC. REACHED A SETTLEMENT WITH THE MASSACHUSETTS SECURITIES DIVISION RELATING TO THE ALLEGATIONS THAT IT FAILED TO ADEQUATELY SUPERVISE ADVISOR SHANE SELEWACH'S OUTSIDE BUSINESS ACTIVITIES, WHICH THE DIVISION ALLEGED RESULTED IN SELEWACH'S SELLING UNSUITABLE INVESTMENTS TO CLIENTS AND MISAPPROPRIATING CLIENT ASSETS. ON MARCH 15, 2007, IN CONNECTION WITH THIS SETTLEMENT, AND WITHOUT ADMITTING LIABILITY, AMERIPRISE FINANCIAL SERVICES, INC. PAID THE DIVISION \$25,000 TO COVER THE COSTS OF ITS INVESTIGATION.

## Disclosure 45 of 78

**Reporting Source:** Firm



<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ARIZONA CORPORATION COMMISSION-SECURITIES DIVISION (THE "COMMISSION") ALLEGED THAT AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE") VIOLATED A.R.S. 44-1961(A)(12) BY FAILING TO REASONABLY SUPERVISE FORMER FINANCIAL ADVISOR, KENNETH FELDHACKER ("FELDHACKER"), WHO FORGED CLIENT SIGNATURES AND MISAPPROPRIATED CLIENT FUNDS.
<b>Initiated By:</b>	ARIZONA CORPORATION COMMISSION, SECURITIES DIVISION
<b>Date Initiated:</b>	12/21/2005
<b>Docket/Case Number:</b>	S-20427-06-0526
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	BROKERAGE ACCOUNTS
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	09/07/2006
<b>Sanctions Ordered:</b>	Monetary/Fine \$1,250,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING
<b>Sanction Details:</b>	IN SEPTEMBER 2006, AMERIPRISE PAID ADMINISTRATIVE PENALTIES IN THE AMOUNT OF \$1,250,000. AMERIPRISE WAS ALSO ORDERED TO IMPLEMENT ADDITIONAL CHANGES TO ITS SUPERVISORY AND COMPLIANCE PROCEDURES, INCLUDING ENHANCED SURVEILLANCE PROCESSES.
<b>Firm Statement</b>	AMERIPRISE CONSENTED TO THE COMMISSION'S ORDER AND AGREED TO IMPLEMENT CHANGES TO ITS SUPERVISORY AND COMPLIANCE PROCEDURES.

#### Disclosure 46 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110, 3011(B) - RESPONDENT MEMBER FAILED TO ESTABLISH AND IMPLEMENT ADEQUATE PROCEDURES REASONABLY DESIGNED TO PREVENT THE PROHIBITED DISCLOSURE OF A SUSPICIOUS ACTIVITY



REPORT (SAR) AS MANDATED BY THE BANK SECRECY ACT AND THE REGULATIONS PROMULGATED THEREUNDER.

**Initiated By:** NASD

**Date Initiated:** 04/26/2006

**Docket/Case Number:** [2005000901901](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 04/26/2006

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$20,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ACCEPTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$20,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE NASD ALLEGED THAT AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE") VIOLATED NASD CONDUCT RULES 3110(B) AND 2110 BY FAILING TO ESTABLISH AND IMPLEMENT ADEQUATE PROCEDURES TO REASONABLY PREVENT THE PROHIBITED DISCLOSURE OF A SUSPICIOUS ACTIVITY REPORT.

**Initiated By:** NASD DEPARTMENT OF ENFORCEMENT

**Date Initiated:** 04/21/2006



**Docket/Case Number:** 20050009019-01

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** FINE OF \$20,000.00

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 04/21/2006

**Sanctions Ordered:** Monetary/Fine \$20,000.00

**Other Sanctions Ordered:**

**Sanction Details:** AMERIPRISE WAS CENSURED AND ORDERED TO PAY A CIVIL MONETARY PENALTY OF \$20,000.

**Firm Statement** IN APRIL, 2006, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE CONSENTED TO THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT AND THE NASD'S IMPOSITION OF A CENSURE AND A \$20,000 FINE.

#### Disclosure 47 of 78

**Reporting Source:** Regulator

**Current Status:** Pending

**Allegations:** AMERIPRISE (F/K/A AMERICAN EXPRESS) FAILED TO SUPERVISE ROBERT YEAGER CRD#4023419 ENABLING HIM TO CONDUCT UNLICENSED SALES ACTIVITY WITH ONE COLORADO RESIDENT FROM AT LEAST MARCH 2002 TO AUGUST 2004.

**Initiated By:** COLORADO DIVISION OF SECURITIES

**Date Initiated:** 12/22/2005

**Docket/Case Number:** 05-XY-008

**URL for Regulatory Action:**

**Principal Product Type:** Equity Listed (Common & Preferred Stock)

**Other Product Type(s):** VARIABLE ANNUITIES

**Principal Sanction(s)/Relief Sought:** Undertaking





<b>Other Sanction(s)/Relief Sought:</b>	REVOKE, SUSPEND OF OTHERWISE IMPOSE CONDITIONS ON BROKER/DEALER LICENSE OF AMERIPRISE FINANCIAL SERVICES INC. IN COLORADO.
<hr/>	
<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE COLORADO DIVISION OF SECURITIES (THE "STATE") ALLEGED THAT AMERIPRISE FINANCIAL SERVICES, INC. ("AMERIPRISE"), (F/K/A AMERICAN EXPRESS FINANCIAL ADVISORS INC.) AND ROBERT VAN YEAGER ("YEAGER") VIOLATED SEC. 11-51-401 LICENSING REQUIREMENTS, AND THAT AMERIPRISE ALSO VIOLATED SEC. 11-51-410(1)(I) SUPERVISION REQUIREMENTS.
<b>Initiated By:</b>	COLORADO DIVISION OF SECURITIES
<b>Date Initiated:</b>	12/22/2005
<b>Docket/Case Number:</b>	XY-2005-008
<b>Principal Product Type:</b>	Annuity(ies) - Variable
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Restitution
<b>Other Sanction(s)/Relief Sought:</b>	UNDERTAKING, BAR
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	06/26/2006
<b>Sanctions Ordered:</b>	Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS, BAR.
<b>Sanction Details:</b>	AMERIPRISE WAS ORDERED TO (1) PAY \$23,157.14 TO CLIENT, BETTY H BUCKLEY ("BUCKLEY"); (2) MODIFY ITS COMPLIANCE SUPERVISION PROCESS FOR 2007; AND (3) IN THE INTERIM, NOTIFY AMERIPRISE SUPERVISORY PERSONNEL OF THE MODIFICATION. AMERIPRISE WILL CERTIFY TO THE STATE THAT IT HAS NOTIFIED ITS SUPERVISORY PERSONNEL AND PROVIDE THE STATE WITH A COPY OF THE 2007 MODIFICATION. YEAGER MAY NOT REAPPLY FOR A COLORADO SECURITIES LICENSE FOR FIVE YEARS FROM THE DATE OF THE CONSENT ORDER, AND IF HE DOES REAPPLY, HE WILL BE REQUIRED TO RETAKE AND PASS THE SERIES 7 EXAMINATION.

**Firm Statement**

IN JUNE 2006, AMERIPRISE AND YEAGER CONSENTED TO ORDER, AND WITHIN 10 DAYS OF THE ORDER AMERIPRISE PAID \$23,157.14 TO CLIENT BUCKLEY. AMERIPRISE AGREED TO THE 2007 COMPLIANCE SUPERVISION MODIFICATION, THE INTERIM COMMUNICATION TO SUPERVISORY PERSONNEL, AND SUBSEQUENT CERTIFICATION.

**Disclosure 48 of 78**

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE STATE OF ARIZONA ALLEGED THAT AMERICAN EXPRESS FINANCIAL ADVISORS INC. FAILED TO REASONABLY SUPERVISE A FINANCIAL ADVISOR'S MISAPPROPRIATION OF CLIENT FUNDS THROUGH REDEMPTIONS IN SECURITIES ACCOUNTS TO PAY FOR ADVICE FEES. THIS VIOLATED A.R.S. 44-1961(A)(12).

**Initiated By:** ARIZONA CORPORATION COMMISSION

**Date Initiated:** 12/05/2005

**Docket/Case Number:** S-20427A-05-0788

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:** REMEDIAL MEASURES; UNDERTAKING

**Resolution:** Order

**Resolution Date:** 12/05/2005

**Sanctions Ordered:** Monetary/Fine \$1,000,000.00

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** THE STATE FINED AMERIPRISE \$1,000,000 AND ORDERED AMERIPRISE TO TAKE CERTAIN REMEDIAL MEASURES, INCLUDING: (1) BEGINNING 2006 ENHANCE REGISTERED PRINCIPAL SUPERVISION OF REDEMPTIONS IN SECURITIES ACCOUNTS TO PAY FOR ADVICE FEES; (2) STRENGTHEN REGISTERED PRINCIPAL SUPERVISION REQUIREMENTS TO DETECT FRAUDULENT SALES PRACTICES THROUGH CLIENT CONTACT; (3) CONDUCT TWO ANNUAL MANDATORY TRAINING SESSIONS FOR ALL FIELD SUPERVISORY PERSONNEL IN THE ARIZONA MARKET GROUP ON AMERIPRISE GENERATED COMPLIANCE REPORTS, INCLUDING A FOCUS



ON CLIENT CONTACT WHEN "RED FLAG" BEHAVIOR IS NOTED; AND (4) BY MARCH 31, 2006 REPORT TO THE STATE ON HOW AMERIPRISE WOULD STRENGTHEN ITS PROCESSES AND PROCEDURES FOR PREVENTING AND DISCOVERING UNAUTHORIZED REDEMPTIONS AND SURRENDERS FROM CUSTOMER ACCOUNTS, IMPLEMENTING SURVEILLANCE TO INDICATE INAPPROPRIATE REDEMPTION ACTIVITIES IN CLIENT ACCOUNTS, AND REGISTERED PRINCIPAL AND COMPLIANCE CLIENT CONTACT PROCEDURES. THE STATE ALSO ORDERED AMERIPRISE TO SUBMIT WRITTEN QUARTERLY REPORTS TO THE STATE BEGINNING FROM THE DATE OF THE ORDER, FOR (1) FOUR YEARS, SUMMARIZING CUSTOMER COMPLAINTS INVOLVING ARIZONA RESIDENTS, AND (2) TWO YEARS, SUMMARIZING THE REMEDIAL ACTIONS AMERIPRISE HAS TAKEN IN RESPONSE TO THE ORDER.

#### Firm Statement

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OR FINDINGS OF THE ORDER, AMERIPRISE CONSENTED TO THE ORDER. AMERIPRISE AGREED TO COMPLY WITH THE ORDER'S REMEDIAL MEASURES. IN DECEMBER 2005, AMERIPRISE PAID \$1,000,000 TO THE STATE.

#### Disclosure 49 of 78

##### Reporting Source:

Firm

##### Current Status:

Final

##### Allegations:

THE MINNESOTA DEPARTMENT OF COMMERCE (MDOC) ALLEGED THAT AMERICAN EXPRESS FINANCIAL CORPORATION (AEFC) ALLOWED INAPPROPRIATE MARKET TIMING TO OCCUR BY FAILING TO HAVE WRITTEN POLICIES AND PROCEDURES AND FAILING TO PROPERLY SUPERVISE ITS EMPLOYEES. MDOC ALSO ADOPTED AND INCORPORATED BY REFERENCE SEC ALLEGATIONS THAT AEFC FAILED TO (1) ADEQUATELY DISCLOSE MARKET TIMING ACTIVITIES BY ALLOWING CERTAIN IDENTIFIED MARKET TIMERS TO CONTINUE TO MARKET TIME CONTRARY TO DISCLOSURE IN AXP FUNDS' AND VARIABLE ANNUITY PRODUCTS' PROSPECTUSES; AND (2) IMPLEMENT PROCEDURES TO DETECT AND PREVENT MARKET TIMING IN 401(K) PLANS FOR EMPLOYEES OF AEFC AND RELATED COMPANIES AND FAILED TO ADEQUATELY DISCLOSE THAT THERE WERE NO SUCH PROCEDURES. MDOC ALSO ALLEGED THAT AMERICAN EXPRESS FINANCIAL ADVISORS INC. (AEFA) FAILED TO (1) IN CERTAIN TRANSACTIONS, DETERMINE SUITABILITY OF CLASS OF MUTUAL FUND SHARES TO BE PURCHASED; (2) ESTABLISH, MAINTAIN AND ENFORCE SUPERVISORY AND COMPLIANCE POLICIES AND PROCEDURES TO ENSURE APPROPRIATE MUTUAL FUND SHARE CLASS RECOMMENDATIONS; (3) REASONABLY ESTABLISH AND MAINTAIN SUPERVISORY SYSTEMS TO COMPLY WITH SUITABILITY OBLIGATIONS FOR 529 PLAN SALES; AND (4) OBSERVE HIGH STANDARDS OF COMMERCIAL



HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE IN BUSINESS CONDUCT BY ALLOWING SOME TRANSACTIONS WHERE RECOMMENDATIONS TO OR PURCHASE OF MUTUAL FUNDS WAS MADE ON THE BASIS OF BROKERAGE COMMISSIONS RECEIVED OR EXPECTED TO BE RECEIVED BY THE FIRM FROM ANY SOURCE. AS A RESULT, AEFA AND AEFC VIOLATED MINN. STAT. 45.027 (2004), MINN. STAT. 80A.07 SUBD. 1(10) (2004) AND MINN. R. 2875.0910 (2003).

**Initiated By:** STATE OF MINNESOTA, DEPARTMENT OF COMMERCE

**Date Initiated:** 11/30/2005

**Docket/Case Number:** SE2502055/DPK

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:** (1) UNDERTAKINGS (2) ADOPTED AND INCORPORATED BY EXHIBIT THE OFFER OF SETTLEMENT AND REQUIREMENTS FOR RESTITUTION, REMEDIATION AND/OR DISGORGEMENT FOUND IN NASD LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) NO.CRC050001, NASD AWC NO. EAF0400340002, NASD AWC NO. EAF0301200002, SEC ADMINISTRATIVE PROCEEDING FILE NO. 3-12115, AND SEC ADMINISTRATIVE PROCEEDING FILE NO. 3-12114

**Resolution:** Consent

**Resolution Date:** 11/30/2005

**Sanctions Ordered:** Censure  
Monetary/Fine \$2,000,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS; REMEDIATION

**Sanction Details:** MDOC ADOPTED AND INCORPORATED THE NASD AND SEC SANCTIONS AS NOTED ABOVE IN ITEM 2, WITH THE RESPECTIVE REQUIREMENTS FOR RESTITUTION, REMEDIATION AND/OR DISGORGEMENT. MDOC ALSO ORDERED AEFC TO COMPLETE AND SUBMIT A COMPLIANCE REVIEW OF ITS WRITTEN PROCEDURES REGARDING MARKET TIMING WITHIN ONE YEAR OF THE MDOC CONSENT ORDER (THE CONSENT ORDER), INCLUDING A SUMMARY OF ACTIONS TAKEN TO ENSURE COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS AND CERTIFICATION BY A SENIOR OFFICER REGARDING COMPLIANCE AND SUPERVISORY PROCEDURES. MDOC ALSO ORDERED AEFA, WITHIN ONE YEAR OF THE



CONSENT ORDER, TO REVIEW AND REPORT ON ITS SALES PRACTICES AND WRITTEN PROCEDURES WITH RESPECT TO REVENUE SHARING, 529 COLLEGE SAVINGS PLANS AND CLASS B MUTUAL FUND SALES PRACTICES. THE REVIEW AND REPORT WILL ADDRESS (1) MATERIALS USED WITH CLIENTS AND ADVISORS; (2) SUITABILITY STANDARDS FOR MUTUAL FUND SALES AND THE SUPERVISION POLICIES AND PROCEDURES FOR THOSE STANDARDS; (3) THE LEGAL AND COMPLIANCE DEPARTMENTS' ROLES IN THESE MUTUAL FUND SALES PRACTICES; AND (4) ACTIONS TAKEN TO ENSURE COMPLIANCE WITH THE APPLICABLE LAWS AND REGULATIONS. THE REPORT WILL ALSO INCLUDE A SENIOR OFFICER'S CERTIFICATION THAT AEFA HAS IMPLEMENTED COMPLIANCE AND SUPERVISORY PROCESSES REASONABLY DESIGNED TO COMPLY WITH THE RULES REGARDING, REVENUE SHARING, 529 COLLEGE SAVINGS PLANS AND CLASS B MUTUAL FUND SALES PRACTICES. IN NOVEMBER 2005, AEFC AND AEFA PAID A FINE OF \$2,000,000.

#### Firm Statement

IN NOVEMBER 2005, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEFA AND AEFC CONSENTED TO THE ORDER AND PAID THE \$2,000,000 FINE. AEFC AGREED TO REVIEW AND REPORT ON ITS MARKET TIMING PROCEDURES IN THE MANNER REQUIRED BY MDOC. AEFA AGREED TO REVIEW AND REPORT ON ITS SALES PRACTICES AND WRITTEN PROCEDURES WITH RESPECT TO REVENUE SHARING, 529 COLLEGE SAVINGS PLANS AND CLASS B MUTUAL FUND SALES PRACTICES AS IN THE MANNER REQUIRED BY THE STATE.

#### Disclosure 50 of 78

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC ADMINISTRATIVE PROCEEDING RELEASES 33-8637 AND 34-52861, DECEMBER 1, 2005; THIS MATTER ARISES FROM AEFA'S FAILURE TO ADEQUATELY DISCLOSE CERTAIN MATERIAL FACTS TO ITS BROKERAGE CUSTOMERS IN THE OFFER AND SALE OF MUTUAL FUND SHARES AND INTERESTS IN COLLEGE SAVINGS PLANS ESTABLISHED UNDER SECTION 529 OF THE INTERNAL REVENUE CODE ("529 PLANS"). SPECIFICALLY, AEFA DID NOT ADEQUATELY DISCLOSE TO ITS BROKERAGE CUSTOMERS INFORMATION CONCERNING REVENUE SHARING AGREEMENTS IT HAD WITH CERTAIN MUTUAL FUND FAMILIES. BETWEEN JANUARY 2001 AND AUGUST 2004, AEFA DID NOT ADEQUATELY DISCLOSE MATERIAL INFORMATION CONCERNING ITS CONFLICTS OF INTEREST IN OFFERING AND SELLING SHARES OF TWENTY-SEVEN PREFERRED MUTUAL FUND FAMILIES WHOSE AFFILIATES MADE REVENUE SHARING PAYMENTS TO AEFA IN EXCHANGE FOR, AMONG OTHER THINGS, INCLUSION ON AEFA'S BROKERAGE PLATFORM.



BETWEEN APRIL 2003 AND AUGUST 2004, AEFA'S DISCLOSURES CONCERNING THESE CONFLICTS IMPROVED, BUT WERE STILL DEFICIENT IN CERTAIN RESPECTS. FROM OCTOBER 2003 TO THE PRESENT, AEFA ALSO HAS NOT ADEQUATELY DISCLOSED CERTAIN MATERIAL FACTS ABOUT ITS CONFLICTS OF INTEREST IN THE OFFER AND SALE OF INTERESTS IN NINE 529 PLANS CONCERNING REVENUE SHARING PAYMENTS MADE TO AEFA BY AFFILIATES OF THE NINE FUND FAMILIES THAT ADMINISTERED THE 529 PLANS.

<b>Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	12/01/2005
<b>Docket/Case Number:</b>	FILE NO. 3-12115
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	INTERESTS
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE, DISGORGEMENT, CIVIL MONETARY PENALTY
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	12/01/2005
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$15,000,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKING: AEFA SHALL PLACE AND MAINTAIN ON THE MUTUAL FUND PAGE OF ITS PUBLIC WEBSITE WITHIN 15 DAYS OF THE DATE OF ENTRY OF THIS ORDER DISCLOSURES REGARDING ITS SELECT GROUP PROGRAM; SHALL PLACE AND MAINTAIN ON THE COLLEGE SAVINGS PROGRAM PORTION OF ITS PUBLIC WEBSITE WITHIN 15 DAYS OF THE DATE OF ENTRY OF THIS ORDER DISCLOSURES REGARDING ITS SELECT GROUP PROGRAM; SHALL SEND THE INFORMATION REGARDING ITS SELECT GROUP PROGRAM TO ITS CURRENT CUSTOMERS BEGINNING 120 DAYS FOLLOWING THE DATE OF



ENTRY OF THIS ORDER IN THE CUSTOMERS' NEXT STATEMENT ISSUED BY AEFA, OR IN A STAND-ALONE MAILING TO 529 PLAN CUSTOMERS FOR WHOM AEFA DOES NOT SEND REGULAR STATEMENTS; AND TO NEW CUSTOMERS UPON THE OPENING OF AN ACCOUNT; SHALL DEVISE AND IMPLEMENT BY DECEMBER 31, 2005 A POLICY AND SET OF PROCEDURES REASONABLY DESIGNED TO ENSURE THAT AEFA IS COMPLYING WITH ITS DISCLOSURE OBLIGATIONS UNDER THIS ORDER, THE FEDERAL SECURITIES LAWS AND THE MSRB RULES. THE POLICY AND PROCEDURES SHALL ALSO ENSURE THAT ALL STATEMENTS MADE ON AEFA'S PUBLIC WEBSITE, IN ITS ADV BROCHURE AND IN ANY OTHER DOCUMENTS PROVIDED TO CUSTOMERS COMPLY WITH THIS ORDER, THE FEDERAL SECURITIES LAWS AND THE MSRB RULES AND ARE OTHERWISE NOT MISLEADING; SHALL DEVISE AND IMPLEMENT BY DECEMBER 31, 2005 A POLICY AND SET OF PROCEDURES TO CONDUCT COMPREHENSIVE REVIEWS OF ALL PROSPECTUSES AND SAIS ISSUED BY THE SELECT GROUP PROGRAM FUND FAMILIES ON A REGULAR BASIS REASONABLY DESIGNED TO ENSURE THAT AEFA IS IN COMPLIANCE WITH THIS ORDER, THE FEDERAL SECURITIES LAWS AND THE MSRB RULES; SHALL DEVISE AND IMPLEMENT BY DECEMBER 31, 2005 A POLICY AND SET OF PROCEDURES FOR TRAINING ITS FINANCIAL ADVISORS REGARDING THE DISCLOSURE OF FINANCIAL INCENTIVES THAT AEFA AND ITS FINANCIAL ADVISORS RECEIVE FROM EACH OF THE SELECT GROUP PROGRAM FUND FAMILIES; SHALL RETAIN, WITHIN 60 DAYS OF THE DATE OF ENTRY OF THIS ORDER, THE SERVICES OF AN INDEPENDENT DISTRIBUTION CONSULTANT NOT UNACCEPTABLE TO THE STAFF OF THE COMMISSION.

#### **Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS OF THE COMMISSION, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER. ACCORDINGLY, PURSUANT TO SECTION 8A OF THE SECURITIES ACT AND SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT IT IS HEREBY ORDERED THAT: AEFA IS CENSURED; AEFA SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(2) OF THE SECURITIES ACT, SECTION 15B(C)(1) OF THE EXCHANGE ACT AND RULE 10B-10 THEREUNDER AND MSRB RULE G-15; AEFA SHALL, WITHIN 60 DAYS OF THE ENTRY OF THIS ORDER, PAY DISGORGEMENT PLUS PREJUDGMENT INTEREST IN THE TOTAL AMOUNT OF \$15 MILLION ("DISGORGEMENT"); AEFA ALSO SHALL, WITHIN 60 DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL MONETARY PENALTY IN THE AMOUNT OF \$15 MILLION; THERE SHALL BE, PURSUANT TO SECTION 308(A) OF THE SARBANES-OXLEY ACT OF 2002, A FAIR FUND ESTABLISHED FOR THE FUNDS.

#### **Regulator Statement**

SEC ADMINISTRATIVE PROCEEDING RELEASE #58388, AUGUST 19, 2008: ON 02/15/2008, THE SEC PUBLISHED A PROPOSED DISTRIBUTION PLAN





AND ISSUED A NOTICE OF PROPOSED DISTRIBUTION PLAN AND OPPORTUNITY FOR COMMENT (EXCHANGE ACT RELEASE #57341), IN CONNECTION WITH THIS PROCEEDING PURSUANT TO RULE 1103 OF THE COMMISSION'S RULES ON FAIR FUND AND DISGORGEMENT PLANS, 17 C.F.R. SEC. 201.1103. NO COMMENTS WERE RECEIVED AND ON 04/09/2008, THE SEC APPROVED THE PROPOSED DISTRIBUTION PLAN, APPOINTED AN INDIVIDUAL AS THE FUND ADMINISTRATOR AND WAIVED THE BOND REQUIREMENT FOR THE FUND ADMINISTRATOR FOR GOOD CAUSE SHOWN IN THE DISTRIBUTION PLAN (EXCHANGE ACT RELEASE #57639). THE DISTRIBUTION PLAN PROVIDES THAT A FAIR FUND CONSISTING OF THE \$30 MILLION IN DISGORGEMENT, PREJUDGMENT INTEREST AND CIVIL PENALTIES PAID BY AMERICAN EXPRESS FINANCIAL ADVISORS INC. (NOW KNOWN AS AMERIPRISE FINANCIAL SERVICES, INC.) ("AMERIPRISE"), PLUS ACCRUED INTEREST AND LESS ANY AMOUNTS NECESSARY TO PAY TAXES AND A \$100,000 DISPUTE RESERVE, BE TRANSFERRED TO U.S. BANK TO BE DISTRIBUTED BY THE FUND ADMINISTRATOR TO CURRENT AND FORMER CUSTOMERS OF AMERIPRISE ACCORDING TO THE METHODOLOGY SET FORTH IN THE DISTRIBUTION PLAN. OF THE \$30 MILLION PAID BY AMERIPRISE, \$3,239,000 CONSTITUTES PREJUDGMENT INTEREST. THE PLAN FURTHER PROVIDES THAT THE COMMISSION WILL ARRANGE FOR DISTRIBUTION OF THE FAIR FUND AFTER IT RECEIVES AND ACCEPTS FROM THE FUND ADMINISTRATOR A VALIDATED PAYMENT LIST SETTING FORTH THE NAMES OF AND THE AMOUNTS TO BE DISTRIBUTED TO ALL PERSONS RECEIVING PAYMENTS UNDER THE DISTRIBUTION PLAN. THE VALIDATED PAYMENT LIST PROVIDING FOR THE DISTRIBUTION OF \$31,771,009, WHICH INCLUDES THE PRINCIPAL AND INTEREST ACCUMULATED AS OF 05/31/2008, HAS BEEN RECEIVED AND ACCEPTED. ACCORDINGLY, IT IS HEREBY ORDERED THAT THE COMMISSION STAFF SHALL TRANSFER \$31,771,009.00 OF THE FAIR FUND TO U.S. BANK AND THE FUND ADMINISTRATOR SHALL DISTRIBUTE SUCH MONIES TO INVESTORS IN ACCORDANCE WITH THE TERMS OF THE DISTRIBUTION PLAN.

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

SEC ALLEGED THAT BETWEEN JANUARY 2001 AND AUGUST 2004, AEFA DID NOT ADEQUATELY DISCLOSE MATERIAL INFORMATION CONCERNING ITS CONFLICTS OF INTEREST IN OFFERING AND SELLING SHARES OF TWENTY-SEVEN PREFERRED MUTUAL FUNDS FAMILIES WHOSE AFFILIATES MADE REVENUE SHARING PAYMENTS TO AEFA IN EXCHANGE FOR, AMONG OTHER THINGS, INCLUSION IN AEFA'S BROKERAGE PLATFORM. SEC ALSO ALLEGED THAT THIS INADEQUATE DISCLOSURE APPLIED TO SALES OF 529 PLANS. AS A RESULT, AEFA VIOLATED SECTION





17(A)(2) OF THE SECURITIES ACT OF 1933, RULE 10B-10 UNDER AND SECTION 15B(C)(1) OF THE SECURITIES EXCHANGE ACT OF 1934. AEFA ALSO VIOLATED MUNICIPAL SECURITIES RULEMAKING BOARD RULE 15-G

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 12/01/2005

**Docket/Case Number:** ADMIN. PROCEEDING FILE NO. 3-12115

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Cease and Desist

**Other Sanction(s)/Relief Sought:** CENSURE; DISGORGEMENT; PENALTY; UNDERTAKINGS

**Resolution:** Order

**Resolution Date:** 12/01/2005

**Sanctions Ordered:** Censure  
Monetary/Fine \$15,000,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** AEFA WAS CENSURED AND ORDERED TO PAY, WITHIN 60 DAYS OF THE DATE OF THE ORDER, A DISGORGEMENT PLUS PREJUDGMENT INTEREST AMOUNT OF \$15 MILLION AND A CIVIL PENALTY OF \$15 MILLION. WITHIN 15 DAYS OF THE DATE OF THE ORDER, AEFA WILL PLACE AND MAINTAIN ON MUTUAL FUND PAGE OF ITS PUBLIC WEBSITE DISCLOSURES ON THE REVENUE SHARING PROGRAMS, AND A SIMILAR DISCLOSURE WITH RESPECT TO REVENUE SHARING FOR 529 COLLEGE SAVINGS PLANS. WITHIN 120 DAYS OF THE ORDER, AEFA WILL SEND THIS DISCLOSURE INFORMATION TO CURRENT CLIENTS ON THEIR NEXT CLIENT STATEMENT, SEPARATELY TO 529 PLAN CLIENTS WHO DO NOT RECEIVE SEPARATE CLIENT STATEMENTS, AND TO NEW CLIENTS UPON ACCOUNT OPENING. BY DECEMBER 31, 2005, AEFA WILL IMPLEMENT POLICIES AND PROCEDURES TO (1) ENSURE AEFA COMPLIES WITH THESE DISCLOSURE OBLIGATIONS; AND (2) TRAIN ITS FINANCIAL ADVISORS ON THESE REVENUE SHARING DISCLOSURES. BEGINNING 2005, AEFA WILL AT LEAST ANNUALLY, MAKE A PRESENTATION TO ITS BOARD OF DIRECTORS THAT INCLUDES AN OVERVIEW OF REVENUE SHARING ARRANGEMENTS, THE REVENUE SHARING POLICIES AND PROCEDURES REQUIREMENTS OF THE ORDER, MATERIAL CHANGES TO THE POLICIES AND PROCEDURES,



AMOUNT OF REVENUE SHARING RECEIVED THAT YEAR, AND WHETHER AEFA IS IN COMPLIANCE WITH THE RECEIPT AND DISCLOSURE REQUIREMENTS OF THE ORDER, THE FEDERAL SECURITIES LAWS AND THE MSRB RULES. WITHIN 60 DAYS OF THE DATE OF THE ORDER, AEFA WILL (1) PAY A \$15 MILLION PENALTY AND A DISGORGEMENT AMOUNT OF \$15 MILLION; (2) DEVELOP A DISTRIBUTION PLAN FOR THESE MONIES; AND (3) RETAIN AN INDEPENDENT DISTRIBUTION CONSULTANT TO HELP DEVELOP THE DISTRIBUTION PLAN METHODOLOGY TO BE APPROVED BY SEC. AEFA WILL ALSO ESTABLISH A FAIR FUND FOR THE DISTRIBUTION OF THE DISGORGEMENT AND PENALTIES. THE SEC ALSO CENSURED AEFA AND ORDERED IT TO CEASE AND DESIST FROM FUTURE VIOLATIONS OF THE RULES LISTED IN ITEM 7 ABOVE.

#### Firm Statement

IN DECEMBER 2005, WITHOUT ADMITTING OR DENYING THE FINDINGS, AEFA CONSENTED TO THE ORDER. AEFA WILL PAY THE MONETARY PENALTY AND DISGORGEMENT TO A FAIR FUND AS REQUIRED BY THE ORDER. AEFA WILL ALSO IMPLEMENT THE REQUIRED POLICIES AND PROCEDURES TO DEVELOP AND IMPLEMENT THE REVENUE SHARING DISCLOSURES AND TRAIN ITS ADVISORS ON THE DISCLOSURES, AMONG OTHER THINGS. AEFA WILL ALSO ANNUALLY PRESENT THE REQUIRED REVENUE SHARING INFORMATION TO ITS BOARD OF DIRECTORS.

#### Disclosure 51 of 78

##### Reporting Source:

Regulator

##### Current Status:

Final

##### Allegations:

NASD CONDUCT RULES 2830(K) AND 2110- RESPONDENT FIRM MAINTAINED A SHELF SPACE PROGRAM CALLED THE PREFERRED PROVIDER PROGRAM. IN RETURN FOR A FEE, MUTUAL FUNDS PARTICIPATING IN THE PREFERRED PROVIDER PROGRAM WERE GIVEN PREFERENTIAL TREATMENT OVER OTHER FUNDS THAT COULD BE PURCHASED THROUGH THE FIRM. THE BENEFITS INCLUDED ENHANCED ACCESS TO THE FIRM'S SALES FORCE, INCLUDING PARTICIPATION IN NATIONAL CONFERENCES AND REGIONAL MEETINGS, DISTRIBUTION AND DISPLAY OF MARKETING MATERIALS AT THE FIRM BRANCHES, IN-OFFICE VISITS WITH REGISTERED REPRESENTATIVES, AND PARTICIPATION OF FIRM ADVISORS IN DUE DILIGENCE MEETINGS ORGANIZED BY PARTICIPATING FUND COMPLEXES. IN ADDITION, THE FIRM PROMOTED THE FUNDS OFFERED BY THE PREFERRED PROVIDERS, BUT NOT OTHER FUND COMPLEXES, ON ITS INTERNAL WEBSITE. THE WEBSITE IDENTIFIED THE PARTICIPATING COMPLEXES AS PREFERRED PROVIDERS AND POSTED THEIR SALES LITERATURE AND SEMINAR OUTLINES AS WELL AS UP-TO-DATE INFORMATION ABOUT THE FUNDS AND FUND MANAGERS FOR PREFERRED PROVIDERS. FINALLY, THE FIRM CHARGED ITS ADVISORS



REDUCED SALES TICKET CHARGES FOR THE SALE OF PREFERRED PROVIDER FUNDS. THESE BENEFITS WERE NOT AVAILABLE TO NON-PARTICIPATING FUND COMPLEXES.

**Initiated By:** NASD

**Date Initiated:** 11/30/2005

**Docket/Case Number:** [EAF0301200002](#)

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 11/30/2005

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$12,300,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$12,300,000.

**Regulator Statement** THE MUTUAL FUND COMPLEXES THAT PARTICIPATED IN THESE PROGRAMS PAID EXTRA FEES FOR THE PREFERENTIAL TREATMENT THEY RECEIVED. SEVEN OF THE 24 FUND COMPLEXES PAID THEIR FEES FOR PARTICIPATING IN THE PROGRAMS BY DIRECTING APPROXIMATELY \$41 MILLION IN MUTUAL FUND PORTFOLIO BROKERAGE COMMISSIONS TO THE FIRM. THE FUNDS ACCOMPLISHED THIS BY DIRECTING PORTFOLIO TRADES TO THE TRADING DESKS OF CLEARING FIRMS DESIGNATED BY THE FIRM, AND THE CLEARING FIRMS THEN REMITTED A PORTION OF THE TRADING COMMISSIONS - GENERALLY 75 TO 86 PERCENT - TO THE FIRM, THE DESIGNATED "INTRODUCING BROKER." THE COMMISSIONS PAID UNDER THESE ARRANGEMENTS WERE SUFFICIENTLY LARGE TO PAY FOR THE PREFERENTIAL TREATMENT AND OTHER BENEFITS RECEIVED BY THE



FUNDS AS WELL AS THE COSTS OF TRADE EXECUTION. THIS USE OF DIRECTED BROKERAGE ALLOWED THE FUND COMPLEXES TO USE ASSETS OF THE MUTUAL FUNDS INSTEAD OF THEIR OWN MONEY TO MEET THEIR REVENUE SHARING OBLIGATIONS. THE REMAINING FUND COMPLEXES PAID THEIR FEES FOR PARTICIPATING IN THE PREFERRED PROVIDER PROGRAM IN CASH TO THE FIRM.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD ALLEGED THAT FROM JANUARY 2001 THROUGH DECEMBER 2003, AMERICAN EXPRESS FINANCIAL ADVISORS INC. (AEFA) MAINTAINED REVENUE SHARING PROGRAMS IN WHICH PARTICIPATING MUTUAL FUND COMPLEXES PAID A FEE TO AEFA IN RETURN FOR PREFERENTIAL TREATMENT. SEVEN OF THE PARTICIPATING FUND COMPLEXES PAID THEIR FEES BY DIRECTING APPROXIMATELY \$41 MILLION IN MUTUAL FUND PORTFOLIO BROKERAGE COMMISSIONS TO AEFA. AS A RESULT, BY RECEIVING BROKERAGE COMMISSIONS TO PAY FOR THE FUND COMPLEXES' PARTICIPATING IN AEFA'S PROGRAMS, AEFA VIOLATED NASD CONDUCT RULES 2830(K) AND 2110.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	05/18/2004
<b>Docket/Case Number:</b>	<a href="#">EAF0301200002</a>
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE OF \$12,300,000.00
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	11/30/2005
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$12,300,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	NASD IMPOSED A CENSURE AND A FINE OF \$12,300,000.
<b>Firm Statement</b>	IN NOVEMBER 2005, NASD ENTERED INTO A SETTLEMENT WITH AEFA.



WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEFA CONSENTED TO A CENSURE AND ON DECEMBER 15,2005 PAID A FINE OF \$12,300,000.

## Disclosure 52 of 78

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** MUNICIPAL SECURITIES RULEMAKING BOARD RULE G-27 - AMERIPRISE FINANCIAL SERVICES, INC. SOLD OVER 1.1 BILLION OF 529 COLLEGE SAVINGS PLANS (529 PLANS) TO OVER 138,000 PUBLIC CUSTOMER ACCOUNTS AND FAILED TO ESTABLISH AND MAINTAIN PROCEDURES, INCLUDING WRITTEN SUPERVISORY PROCEDURES, THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SUITABILITY OBLIGATIONS AS THEY RELATE TO THE SALE OF 529 PLANS. IN FACT THE FIRM SOLD OVER \$625 MILLION OF 529 PLANS TO ITS CUSTOMERS, THE FIRM HAD NO EFFECTIVE PROCEDURES IN PLACE SPECIFICALLY ADDRESSING THE FIRM'S SUITABILITY OBLIGATIONS RELATING TO THE SALE OF 529 PLANS. MOST OF THE PROCEDURES IN PLACE AT THAT TIME WERE GENERAL COMPLIANCE REQUIREMENTS RELATING TO THE SALE OF OTHER PRODUCTS OFFERED BY THE FIRM. ALTHOUGH THE FIRM ESTABLISHED SOME PROCEDURES IN OCTOBER 2003, THOSE PROCEDURES WERE NOT ADEQUATE. OVER \$364 MILLION OF THE 529 PLANS SOLD BY THE FIRM FROM MAY 2001 THROUGH THE END OF 2004 WERE TO RESIDENTS OF THE TWENTY-FOUR STATES THAT OFFERED OR BEGAN TO OFFER A TAX DEDUCTION FOR INVESTMENTS IN THAT STATE'S 529 PLAN. AS A RESULT, NUMEROUS CUSTOMERS DID NOT RECEIVE STATE INCOME TAX BENEFITS THAT MIGHT HAVE BEEN AVAILABLE IF THEY HAD PURCHASED A 529 PLAN OFFERED BY THEIR STATE OF RESIDENCE. MOREOVER, BECAUSE THE BENEFIT AVAILABLE IN FIVE STATES WAS BASED ON THE FULL AMOUNT INVESTED BY THE CUSTOMER IN ANY YEAR, THE AMOUNT OF LOST STATE INCOME TAX BENEFIT IN THESE INSTANCES COULD BE SIGNIFICANT FOR SOME INVESTORS. HOWEVER, THE FIRM DID NOT HAVE PROCEDURES REQUIRING REPRESENTATIVES TO UNDERTAKE AN ANALYSIS WEIGHING THE LOST INCOME TAX BENEFIT THAT CUSTOMERS MIGHT OBTAIN AGAINST BENEFITS AVAILABLE THROUGH AN OUT-OF-STATE PLAN, SUCH AS INVESTMENT PERFORMANCE, INVESTMENT CHOICES, FEES, AND EXPENSES, OR OTHER FACTORS. THE FIRM ALSO DID NOT HAVE PROCEDURES REQUIRING THAT REGISTERED REPRESENTATIVES DOCUMENT REASONS WHY AN OUT-OF-STATE PLAN WAS SUITABLE NOTWITHSTANDING THE LOST STATE INCOME TAX BENEFIT.

**Initiated By:** NASD

**Date Initiated:** 09/19/2005



**Docket/Case Number:** [EAF0400340002](#)

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/19/2005

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$500,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERIPRISE FINANCIAL SERVICES, INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED, FINED \$500,000, AND RESTITUTION/REMEDIATION OF APPROXIMATELY \$750,000 TO COMPENSATE CERTAIN CUSTOMERS WHO PURCHASED A 529 PLAN FROM AEFA SPONSORED BY A STATE OTHER THAN THEIR STATE OF RESIDENCE. SATISFACTORY PROOF OF PAYMENT OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT SUCH PAYMENT SHALL BE PROVIDED TO NASD NO LATER THE 120 DAYS AFTER NASD PROVIDES THE SCHEDULE. THE AWC ALSO REQUIRES THAT, WITHIN 60 DAYS OF ISSUANCE OF THE AWC, A SENIOR OFFICER OF AEFA WILL CERTIFY TO NASD THAT THE FIRM HAS REVIEWED ITS PROCEDURES REGARDING THE SALE OF 529 PLANS AND HAS ESTABLISHED SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE LAWS, REGULATIONS, AND RULES CONCERNING THE SALE OF 529 PLANS. THE AWC ALSO REQUIRES THAT AEFA PROVIDE THE NASD WITH A COPY OF THE FIRM'S PROCEDURES.

**Reporting Source:** Firm



**Current Status:** Final

**Allegations:** NASD ALLEGED THAT FROM MAY 2001 THROUGH DECEMBER 2004 AMERICAN EXPRESS FINANCIAL ADVISORS INC. (AEFA) FAILED TO ESTABLISH AND MAINTAIN SUPERVISORY SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SUITABILITY OBLIGATIONS RELATING TO THE SALE OF 529 PLANS AND, AS A RESULT, VIOLATED MUNICIPAL SECURITIES RULEMAKING BOARD RULE G-27.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD)

**Date Initiated:** 01/01/2004

**Docket/Case Number:** [EAF0400340002](#)

**Principal Product Type:** Other

**Other Product Type(s):** 529 COLLEGE SAVINGS PLANS

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** 1) FINE OF \$500,000.00  
2) APPROXIMATELY \$750,000.00 IN REMEDIATION.

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/19/2005

**Sanctions Ordered:** Censure  
Monetary/Fine \$500,000.00

**Other Sanctions Ordered:** (1) APPROX. \$750,000 IN REMEDIATION TO CERTAIN CUSTOMERS WHO, FROM MAY 2001 THROUGH DECEMBER 2004, PURCHASED A 529 PLAN FROM AEFA SPONSORED BY A STATE OTHER THAN THE CUSTOMER'S STATE OF RESIDENCE (2) UNDERTAKING TO CERTIFY AND DESCRIBE SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH LAWS, RULES AND REGULATIONS CONCERNING SALES OF 529 PLANS WITHIN 60 DAYS AFTER ISSUANCE OF THE AWC.

**Sanction Details:** ON OCTOBER 4, 2005, AEFA PAID A CIVIL MONEY PENALTY OF \$500,000 TO THE NASD. AEFA WILL PROVIDE TO THE NASD EITHER PROOF OF PAYMENT OR DOCUMENTATION OF AEFA'S REASONABLE EFFORTS TO PAY APPROXIMATELY \$750,000 IN REMEDIATION TO AFFECTED CUSTOMERS NO LATER THAN 120 DAYS AFTER THE NASD PROVIDED THE PAYMENT SCHEDULE TO AEFA. AEFA WILL FORWARD ANY UNDISTRIBUTED PAYMENT AND INTEREST TO THE STATE OR COUNTRY OF CUSTOMER'S LAST KNOWN RESIDENCE. WITHIN 60 DAYS AFTER THE AWC, AEFA WILL CERTIFY TO THE NASD THAT AEFA HAS SYSTEMS AND PROCEDURES REASONABLY DESIGNED TO COMPLY WITH THE LAWS, REGULATIONS AND RULES CONCERNING THE SALE OF 529 PLANS AND WILL DESCRIBE



THOSE SYSTEMS AND PROCEDURES.

## Firm Statement

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEFA ACCEPTED AND CONSENTED. AEFA WILL PAY OR MAKE REASONABLE EFFORTS TO PAY THE REMEDIATION AS REQUIRED BY THE NASD. AEFA WILL ALSO CERTIFY TO THE NASD THAT IT HAS ESTABLISHED THE NECESSARY COMPLIANT SYSTEMS AND PROCEDURES FOR THE SALE OF 529 PLANS, AND INCLUDE A DESCRIPTION OF THOSE SYSTEMS AND PROCEDURES.

## Disclosure 53 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ALLEGATIONS RELATED TO A FRAUDULENT SCHEME CONDUCTED BY A FORMER INDEPENDENT FRANCHISEE FINANCIAL ADVISOR, ARTHUR DAVIDSON, INVOLVING DAVIDSON'S FORGERY OF FINANCIAL ADVISORY SERVICES AGREEMENTS AND MUTUAL FUND REDEMPTION FORMS OF A NUMBER OF CLIENTS. THE BUREAU FOUND THAT, PURSUANT TO N.J.S.A. 49:3-58 AND 67, AMERICAN EXPRESS FINANCIAL ADVISORS INC. (AEFA) FAILED TO ESTABLISH AND/OR ENFORCE PROCEDURES NECESSARY TO DETECT THE ACTIVITIES OF DAVIDSON AND OTHER FINANCIAL ADVISORS WHO MAY BE IDENTIFIED AS HAVING ENGAGED IN SIMILAR CONDUCT, WHICH CONSTITUTES A FAILURE TO SUPERVISE.
<b>Initiated By:</b>	NEW JERSEY BUREAU OF SECURITIES.
<b>Date Initiated:</b>	12/01/2004
<b>Docket/Case Number:</b>	
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL MONETARY PENALTY; UNDERTAKING.
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	06/29/2005
<b>Sanctions Ordered:</b>	Monetary/Fine \$5,000,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING.
<b>Sanction Details:</b>	PURSUANT TO THE CONSENT ORDER, ON JUNE 27, 2005, AEFA PAID A \$5,000,000 FINE TO THE NASD. FOLLOWING AN EFFECTIVE DATE OF JUNE





29,2005, AEFA ALSO AGREED TO (1) WITHIN 30 DAYS OF THE EFFECTIVE DATE, RETAIN AN INDEPENDENT EXPERT TO REVIEW AEFA'S SUPERVISORY PROCEDURES AND FINANCIAL PLANNING BUSINESS; THE CONSULTANT, WITHIN 90 BUSINESS DAYS MUST ISSUE A REPORT TO AEFA SUMMARIZING THE FINDINGS OF THAT REVIEW; (2) WITHIN 30 BUSINESS DAYS OF THE INDEPENDENT EXPERT'S REPORT AND IN RESPONSE TO SUCH REPORT, SUBMIT A REPORT TO THE NEW JERSEY BUREAU OF SECURITIES OUTLINING AEFA'S INTENDED CHANGES TO ITS BUSINESS PRACTICES AND SUPERVISORY PROCEDURES, ALONG WITH AN IMPLEMENTATION TIMELINE APPROVED BY THE BUREAU; AND (3) IMPLEMENT ENHANCED SUPERVISORY PROCEDURES BY NOVEMBER 30, 2005. AEFA HAS PREVIOUSLY MADE RESTITUTION IN EXCESS OF \$450,000 TO CLIENTS OF DAVIDSON AND HAS, WHERE APPROPRIATE, COMMITTED TO FULLY COMPENSATE ANY FURTHER CLIENT LOSSES SUFFERED AS A RESULT OF THE IDENTIFIED ACTIVITY.

#### Firm Statement

IN JUNE 2005, WITHOUT ADMITTING OR DENYING THE FINDINGS, AEFA ENTERED INTO A CONSENT ORDER WITH THE NEW JERSEY BUREAU OF SECURITIES. AEFA CONSENTED THAT, FOLLOWING THE EFFECTIVE DATE OF JUNE 29, 2005, IT WILL (1) RETAIN AN INDEPENDENT EXPERT TO REVIEW AND REPORT TO AEFA, WITHIN 90 DAYS OF THE EFFECTIVE DATE, ON ITS SUPERVISORY PROCEDURES FOR ITS FINANCIAL PLANNING BUSINESS; (2) SUBMIT A REPORT TO THE BUREAU, WITHIN 30 BUSINESS DAYS OF THE INDEPENDENT EXPERT'S REPORT, OUTLINING INTENDED CHANGES TO ITS BUSINESS PRACTICES AND SUPERVISORY PROCEDURES, ALONG WITH AN IMPLEMENTATION TIMELINE; AND (3) IMPLEMENT ENHANCED SUPERVISORY PROCEDURES BY NOVEMBER 30, 2005.

#### Disclosure 54 of 78

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010(A) - RESPONDENT MEMBER FAILED TO HAVE ADEQUATE PROCEDURES IN PLACE TO MONITOR WHETHER THE MANAGING PRINCIPAL REPRESENTATIVE PERFORMED CERTAIN SUPERVISORY REVIEWS OF THE OFFICE OF SUPERVISORY JURISDICTION, OR TO IDENTIFY AND REVIEW TRANSACTIONS BY INDIVIDUAL REGISTERED REPRESENTATIVES UNDER THE MPR'S SUPERVISION.

**Initiated By:** NASD

**Date Initiated:** 05/06/2005

**Docket/Case Number:** [C05050021](#)



<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	05/06/2005
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$25,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERICAN EXPRESS FINANCIAL ADVISORS INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$25,000. IN ADDITION, WITHIN 30 DAYS AFTER THE ACCEPTANCE OF THIS AWC, THE FIRM WILL PROVIDE NASD WITH A REPORT ATTESTING TO AND SETTING FORTH THE DETAILS OF ITS IMPLEMENTATION OF PROCEDURES CORRECTING THE DEFICIENCIES NOTED IN THE ALLEGATIONS.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD ALLEGED THAT FROM JULY 2000 THROUGH AUGUST 2002 AEFA VIOLATED NASD CONDUCT RULES 2110 AND 3010(A) BY NOT HAVING ADEQUATE PROCEDURES TO MONITOR THE MANAGING PRINCIPAL REPRESENTATIVE'S (MPR) PERFORMANCE OF CERTAIN SUPERVISORY PROCEDURES OF THE BIRMINGHAM, ALABAMA OFFICE OF SUPERVISORY JURISDICTION, OR TO MONITOR TRANSACTIONS BY INDIVIDUAL REGISTERED REPRESENTATIVES UNDER THE MPR'S SUPERVISION. NASD ALSO ALLEGED THAT AEFA FAILED TO REASONABLY ENSURE CONSISTENT FORWARDING BY THE OSJ TO HOME OFFICE OF COPIES OF FORM 443 LETTERS REGARDING MUTUAL FUND SWITCHES, AS REQUIRED BY AEFA'S



WRITTEN SUPERVISORY PROCEDURES.

**Initiated By:** NASD

**Date Initiated:** 01/01/2005

**Docket/Case Number:** [C05050021](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** FINE OF \$25,000; UNDERTAKING

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 05/05/2005

**Sanctions Ordered:** Censure  
Monetary/Fine \$25,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** ON MAY 20, 2005, AEFA PAID A \$25,000 FINE TO NASD. WITHIN 30 DAYS OF 5/05/2005, AEFA WILL PROVIDE THE NASD WITH A REPORT ATTESTING TO AND WITH THE IMPLEMENTATION DETAILS OF AEFA'S CORRECTIVE PROCEDURES.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEFA CONSENTED TO THE AWC THAT WITHIN 30 DAYS OF THE EFFECTIVE DATE OF 5/05/2005, IT WILL PROVIDE A REPORT TO THE NASD WITH THE IMPLEMENTATION DETAILS OF ITS CORRECTIVE PROCEDURES.

#### Disclosure 55 of 78

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110, 2310, 3010 - RESPONDENT MEMBER EFFECTED TRANSACTIONS WHERE IT MADE RECOMMENDATIONS TO PUBLIC CUSTOMERS TO PURCHASE CLASS B AND CLASS C SHARES THROUGH ITS REGISTERED REPRESENTATIVES WITHOUT CONSIDERING OR ADEQUATELY DISCLOSE ON A CONSISTENT BASIS, THAT AN EQUAL INVESTMENT IN CLASS A SHARES WOULD GENERALLY HAVE BEEN MORE ADVANTAGEOUS TO CERTAIN CUSTOMERS. THE FIRM'S SUPERVISORY AND COMPLIANCE POLICIES AND PROCEDURES DURING THE REVIEW PERIOD, WERE NOT REASONABLY ESTABLISHED, MAINTAINED AND/OR ENFORCED



SO THAT THE FIRM, AT THE POINT OF EACH SALE, PROVIDED ADEQUATE DISCLOSURE OF, OR CONSIDERATION TO, ON A CONSISTENT BASIS, THE BENEFITS OF THE VARIOUS MUTUAL FUND SHARE CLASSES AS THEY APPLIED TO INDIVIDUAL CUSTOMERS.

**Initiated By:** NASD

**Date Initiated:** 03/22/2005

**Docket/Case Number:** [CRC050001](#)

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 03/22/2005

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$13,000,000.00

**Other Sanctions Ordered:** UNDERTAKING: CREATE AND IMPLEMENT A REMEDIATION PLAN THAT INCLUDES MORE THAN 182,000 TRANSACTIONS INVOLVING AT LEAST 30,000 CUSTOMER HOUSEHOLDS. RETAIN AN INDEPENDENT EXAMINER TO EXAMINE THE FIRM'S PERFORMANCE OF ITS OBLIGATIONS UNDER THE TERMS OF THIS AWC AND TO SUBMIT A WRITTEN FINAL REPORT TO THE FIRM AND TO NASD, THE REPORT MUST RECITE THE EFFORTS THE EXAMINER UNDERTOOK TO EXAMINE FIRM'S CERTIFIED REPORT, AS WELL AS THE EXAMINER'S FINDINGS.

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERICAN EXPRESS FINANCIAL ADVISORS INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$13 MILLION.

**Reporting Source:** Firm



<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD ALLEGED THAT BETWEEN JANUARY 1, 2002 AND JULY 31, 2003, AEFA VIOLATED NASD CONDUCT RULES 2110, 2310 AND 3010 BY (1) EFFECTING TRANSACTIONS AFTER IT MADE RECOMMENDATIONS TO CLIENTS TO PURCHASE CLASS B MUTUAL FUND SHARES THROUGH ITS REGISTERED REPRESENTATIVES WITHOUT CONSISTENTLY CONSIDERING OR ADEQUATELY DISCLOSING AT THE POINT OF PURCHASE THAT AN EQUAL INVESTMENT IN CLASS A SHARES WOULD GENERALLY HAVE BEEN MORE ADVANTAGEOUS FOR CERTAIN CLIENTS, AND (2) FAILING TO REASONABLY ESTABLISH, MAINTAIN AND/OR ENFORCE SUPERVISORY AND COMPLIANCE POLICIES AND PROCEDURES TO CONSISTENTLY PROVIDE ADEQUATE DISCLOSURE OF, OR CONSIDERATION TO, THE BENEFITS OF THE VARIOUS MUTUAL FUND SHARE CLASSES AS THEY APPLIED TO INDIVIDUAL CLIENTS.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	01/01/2004
<b>Docket/Case Number:</b>	<a href="#">CRC050001</a>
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	(1) FINE (2) UNDERTAKING
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	03/22/2005
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$13,000,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING
<b>Sanction Details:</b>	ON APRIL 11, 2005, AEFA PAID A \$13,000,000 FINE TO THE NASD. FOLLOWING AN EFFECTIVE DATE OF MARCH 22, 2005, AEFA WILL UNDERTAKE TO (1) COMPLETE CERTAIN REMEDIAL ACTIONS, INCLUDING CREATING A LIST OF CLIENTS WHO PURCHASED \$50,000 OR MORE OF CLASS B SHARES IN ANY FUND FAMILY, SUBJECT TO CERTAIN EXCLUSIONS, BETWEEN JANUARY 1, 2002 AND MARCH 22, 2005, AGGREGATED BY HOUSEHOLD AND FUND, (2) OFFER ANY ELIGIBLE CLIENT ON SUCH LIST THE OPTION OF CONVERTING THEIR CLASS B SHARES TO CLASS A SHARES SO THAT EACH SUCH CLIENT IS PLACED IN SUBSTANTIALLY THE SAME FINANCIAL POSITION IN WHICH SUCH CLIENT



WOULD HAVE BEEN HAD THE CLIENT PURCHASED CLASS A SHARES INSTEAD OF CLASS B SHARES, OR PAY CASH SUFFICIENT TO PUT THOSE CLIENTS WHO SOLD SOME OR ALL OF THE RECOMMENDED CLASS B SHARES, INTO SUBSTANTIALLY THE SAME FINANCIAL POSITION IN WHICH THEY WOULD HAVE BEEN HAD THEY PURCHASED CLASS A SHARES INSTEAD OF CLASS B SHARES (ITEMS 1 AND 2 TO BE COMPLETED WITHIN 270 DAYS); (3) WITHIN 330 DAYS, FILE A CERTIFIED REPORT WITH NASD DETAILING THE ACTIONS TAKEN; AND (4) RETAIN AN INDEPENDENT EXAMINER TO EXAMINE AEFA'S PERFORMANCE UNDER THE TERMS OF THE AWC AS REFLECTED IN AEFA'S CERTIFIED REPORT, WHICH INDEPENDENT EXAMINER WILL SUBMIT A FINAL WRITTEN REPORT TO AEFA AND THE NASD WITHIN 420 DAYS.

#### Firm Statement

WITHOUT ADMITTING OR DENYING THE FINDINGS, AEFA CONSENTED TO THE AWC, THAT FOLLOWING THE EFFECTIVE DATE OF MARCH 22, 2005, IT WILL (1) EFFECT THE REMEDIAL SANCTION, WITHIN 270 DAYS, TO PLACE CERTAIN ELIGIBLE CLIENTS IN SUBSTANTIALLY THE SAME FINANCIAL POSITION IN WHICH THEY WOULD HAVE BEEN HAD THEY PURCHASED CLASS A SHARES; (2) FILE A CERTIFIED REPORT WITH THE NASD, WITHIN 330 DAYS, DETAILING THE ACTIONS TAKEN IN (1); AND (3) RETAIN AN INDEPENDENT EXAMINER TO EXAMINE AEFA'S PERFORMANCE UNDER THE TERMS OF THE AWC REFLECTED IN AEFA'S CERTIFIED REPORT AND SUBMIT A FINAL REPORT TO AEFA AND NASD WITHIN 420 DAYS.

#### Disclosure 56 of 78

##### Reporting Source:

Regulator

##### Current Status:

Final

##### Allegations:

THE BUREAU ALLEGED THAT DURING THE TIME PERIOD OF 1999 THROUGH 2003, THE RESPONDENT COMMITTED FRAUD BY FAILING TO DISCLOSE TO ITS FEE PAYING ADVISORY CLIENTS SEVERAL CONFLICTS OF INTEREST THAT PERMEATED THE INVESTMENT ADVISOR RELATIONSHIP AND THE SALE OF PROPRIETARY AND SPECIALLY SELECTED MUTUAL FUNDS INCLUDING THE FOLLOWING: REVENUE SHARING PAYMENTS, DIRECTED BROKERAGE PAYMENTS, DIFFERENTIAL IN COMPENSATION, AND PRESSURE TO SELL PROPRIETARY PRODUCTS. FURTHER, THE BUREAU ALLEGED THAT RESPONDENT'S CONDUCT ACTED AS A FRAUD ON THE INVESTOR IN THAT THE RESPONDENT'S ADVICE WAS PREDETERMINED BASED ON ITS FOCUS TO SELL PROPRIETARY MUTUAL FUNDS AND A MODEL PORTFOLIO MADE UP OF ALL AMERICAN EXPRESS MUTUAL FUNDS WHICH FAVORED AMERICAN EXPRESS AND WHICH WAS NOT IN THE BEST INTEREST OF ITS CLIENTS.

##### Initiated By:

NEW HAMPSHIRE  
BUREAU OF SECURITIES REGULATION



**Date Initiated:** 02/17/2005

**Docket/Case Number:** INV04-122

**URL for Regulatory Action:**

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):** NA

**Principal Sanction(s)/Relief Sought:** Cease and Desist

**Other Sanction(s)/Relief Sought:** ADMINISTRATIVE FINE, COSTS, RESTITUTION, UNDERTAKINGS

**Resolution:** Consent

**Resolution Date:** 07/12/2005

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** Yes

**Sanctions Ordered:** Monetary/Fine \$5,000,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** RESTITUTION AMOUNT NOT TO EXCEED 2 MILLION. RESTITUTION TO BE AS DETERMINED BY INDEPENDENT ASSESSMENT AND DISTRIBUTION CONSULTANT. CONSULTANT TO REVIEW AND REPORT TO THE BUREAU ON ISSUES OF TRAINING, SALE OF PROPRIETARY MUTUAL FUNDS, AND THE USE OF MODEL PORTFOLIOS. ALL ADVISORS MUST CERTIFY COMPLETION OF AEFA'S MUTUAL FUND SELECTION TRAINING MODULE. THE TRAINING MODULE TO BE REVIEWED BY THE BUREAU IN ADVANCE. REQUIRED DISTRIBUTION OF COMPLIANCE AND SUPERVISORY PROCEDURE MATERIALS REGARDING SUITABILITY, AND NON-CASH COMPENSATION. REQUIRED SPECIAL SUPERVISION FOR A ONE YEAR PERIOD.

**Sanction Details:** SEE ABOVE.

**Regulator Statement** THE CONDUCT OF THE RESPONDENT AFFECTED APPROXIMATELY 2000 FINANCIAL PLANS SOLD BETWEEN THE DATES OF 1999 AND 2005. THE INVESTIGATION COMMENCED FOLLOWING A ROUTINE AUDIT OF NH BRANCH LOCATIONS.

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**Reporting Source:** Firm



<b>Current Status:</b>	Final
<b>Allegations:</b>	THE NEW HAMPSHIRE BUREAU OF SECURITIES REGULATION ALLEGED THAT AMERICAN EXPRESS FINANCIAL ADVISORS INC. (AEFA) FAILED TO DISCLOSE TO NEW HAMPSHIRE FINANCIAL PLANNING CLIENTS CONFLICTS OF INTEREST THAT WERE PART OF AEFA'S INVESTMENT ADVISOR RELATIONSHIP, AND THAT DURING THE RELEVANT TIME PERIOD, AEFA FINANCIAL ADVISORS OPERATED IN A SYSTEM IN WHICH THEY WERE PRESSURED AND REWARDED FOR SELLING CERTAIN PROPRIETARY AND PARTNERED MUTUAL FUNDS. THE BUREAU ALSO ALLEGED THAT AEFA'S NEW HAMPSHIRE AGENTS USED EMPLOYEE-DEVELOPED MODEL PORTFOLIOS CONSISTING ONLY OF AMERICAN EXPRESS PROPRIETARY MUTUAL FUNDS THAT WERE IMPLEMENTED WITHOUT ADEQUATE OVERSIGHT OR SUPERVISION, DUE DILIGENCE, TESTING AND TRACKING. THE BUREAU ALLEGED THAT THESE ACTIONS ARE IN VIOLATION OF RSA 421-B:3 AND RSA 421-B:4.
<b>Initiated By:</b>	NEW HAMPSHIRE BUREAU OF SECURITIES REGULATION
<b>Date Initiated:</b>	02/17/2005
<b>Docket/Case Number:</b>	INV04-122
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	RESTITUTION, UNDERTAKING, CEASE AND DESIST.
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	07/12/2005
<b>Sanctions Ordered:</b>	Monetary/Fine \$5,000,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING.
<b>Sanction Details:</b>	AEFA TO PAY BUREAU \$375,000 FOR COST OF INVESTIGATION AND \$5,000,000 FINE TO BUREAU. AEFA TO RETAIN INDEPENDENT ASSESSMENT AND DISTRIBUTION CONSULTANT (CONSULTANT) APPROVED BY BUREAU TO (1)REVIEW AEFA'S PRACTICES AND PROCEDURES FOR NEW HAMPSHIRE (NH) OFFICES RELATED TO SALES OF PROPRIETARY MUTUAL FUNDS, USE AND OVERSIGHT OF MODEL PORTFOLIOS, AND TRAINING REQUIREMENTS TO ENSURE REASONABLE COMPLIANCE WITH FEDERAL AND STATE SECURITIES LAWS, NASD RULES AND AEFA'S COMPLIANCE AND SUPERVISORY PROCEDURES; (2)DETERMINE RESTITUTION AMOUNTS TO BE PAID TO AEFA CLIENTS FOR INVESTMENT PLAN FEES





PAID 01/01/1999 - 03/31/2003 FOR INITIAL FINANCIAL PLAN BY A NH ADVISOR WITH RECOMMENDATION TO PURCHASE MORE THAN 50% PROPRIETARY MUTUAL FUNDS; AND (3) WITH REGARD TO USE OF MODEL PORTFOLIOS, DETERMINE RESTITUTION AMOUNTS TO BE PAID TO AEFA CLIENTS FOR INVESTMENT PLAN FEES PAID 04/01/2003 - 02/17/2005 FOR INITIAL FINANCIAL PLAN BY A NH ADVISOR WITH RECOMMENDATION TO PURCHASE MORE THAN 50% PROPRIETARY MUTUAL FUNDS. CONSULTANT TO SUBMIT WRITTEN REPORT TO NH AND AEFA WITH FINDINGS OF AND RECOMMENDATIONS FOR (1) PRACTICES AND PROCEDURES IN AEFA'S NH OFFICES AND (2) DISTRIBUTION OF RESTITUTION AND PLAN FOR DISTRIBUTION. UPON BUREAU'S APPROVAL OF CONSULTANT'S PLAN, AEFA TO BEGIN DISTRIBUTION. RESTITUTION OBLIGATIONS NOT TO EXCEED \$2,000,000; IF EXCEEDED, CLIENTS TO RECEIVE PRO RATA DISTRIBUTION. AEFA TO IMPLEMENT CONSULTANT'S RECOMMENDATIONS AS TO ITS PRACTICES AND PROCEDURES. AEFA HAS ALSO UNDERTAKEN TO IMPLEMENT COMPULSORY MUTUAL FUND SELECTION TRAINING FOR ITS NH MARKET GROUP ADVISORS TO ENSURE COMPLIANCE AND SUPERVISORY PROCEDURES ARE DISTRIBUTED TO NH ADVISORS, SUPERVISORS AND FIELD LEADERS ADDRESSING (1) INDIVIDUAL SUITABILITY FACTORS WHEN RECOMMENDING MUTUAL FUNDS AND (2) CASH AND NON-CASH COMPENSATION REQUIREMENTS FOR SALE OF PROPRIETARY MUTUAL FUNDS AND CONDUCT SPECIAL SUPERVISION OF ITS NH OFFICES FOR ONE YEAR. AEFA TO CEASE AND DESIST FROM FURTHER VIOLATION OF NH UNIFORM SECURITIES LAW.

#### **Firm Statement**

WITHOUT ADMITTING OR DENYING THE STATEMENTS OF FACT AND LAW OR ANY OTHER ALLEGATIONS CONTAINED IN THE AGREEMENT, AEFA AGREED AND CONSENTED TO THE AGREEMENT, THAT IT WILL (1) PAY THE BUREAU \$375,000 FOR INVESTIGATIVE COSTS; (2) PAY THE BUREAU A \$5,000,000 PENALTY; (2) RETAIN A CONSULTANT TO REVIEW AEFA PRACTICES AND PROCEDURES FOR PROPRIETARY MUTUAL FUNDS SALES AND USE OF MODEL PORTFOLIOS, AND DETERMINE RESTITUTION AMOUNTS; (3) HAVE ITS NH MARKET GROUP ADVISORS COMPLETE MUTUAL FUND TRAINING; (4) ENSURE THAT NH ADVISORS, SUPERVISORS AND FIELD LEADERS RECEIVE COMPLIANCE AND SUPERVISORY PROCEDURES FOR INDIVIDUAL SUITABILITY REQUIREMENTS FOR MUTUAL FUND RECOMMENDATIONS AND THE CASH AND NON-CASH COMPENSATION REQUIREMENTS FOR MUTUAL FUND SALES; (5) CONDUCT SPECIAL SUPERVISION OF ITS NH MARKET GROUP AND REPORT TO THE BUREAU ON IMPLEMENTATION PROCEDURES AND ISSUES HANDLING; AND (6) CEASE AND DESIST FROM FURTHER VIOLATION OF NH UNIFORM SECURITIES LAW. AEFA ALSO AGREED TO MAKE RESTITUTION PAYMENTS OF UP TO \$2 MILLION TO AFFECTED CLIENTS AS RECOMMENDED BY THE CONSULTANT.



## Disclosure 57 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD CONDUCT RULES 2110 AND 3010. RESPONDENT FIRM FAILED TO ADEQUATELY SUPERVISE REGISTERED REPRESENTATIVE WITH RESPECT TO HIS HANDLING OF THE ACCOUNTS OF PUBLIC CUSTOMERS WHO WERE MARRIED TO EACH OTHER. DURING A 14 MONTH PERIOD OF MARCH 2000 THROUGH MAY 2001, REGISTERED REPRESENTATIVE WAS ASSIGNED TO FOUR CONSECUTIVE SUPERVISORS WHO FAILED TO TAKE CORRECTIVE ACTION WHEN THE ACCOUNTS OF PUBLIC CUSTOMERS APPEARED ON NUMEROUS REDEMPTION/PURCHASE REPORTS THAT WERE IN USE AT THAT TIME. THE REDEMPTION/PURCHASE REPORTS DISCLOSED REDEMPTIONS OR MUTUAL FUNDS AND SUBSEQUENT PURCHASES OF MUTUAL FUNDS WITHIN A 30-DAY PERIOD. AT LEAST 11 REDEMPTION/PURCHASE REPORTS WERE GENERATED DURING THAT 14-MONTH PERIOD FOR THE ACCOUNTS OF PUBLIC CUSTOMERS THAT REFLECTED UNSUITABLE TRADING THROUGH THE PURCHASES AND SALES OF DIFFERENT SHARE FUNDS OF DIFFERENT MUTUAL FUND FAMILIES, COMMONLY REFERRED TO AS MUTUAL FUND SWITCHING. THE REDEMPTION/PURCHASE REPORTS THAT MEMBER FIRM PREPARED FOR THE SUPERVISORY REVIEW OF SIGNIFICANT ACTIVITY IN CUSTOMER ACCOUNTS, CONTAINED INACCURACIES AND WERE DIFFICULT TO DECIPHER, SEVERELY LIMITING THEIR USEFULNESS AS A SUPERVISORY TOOL.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	12/29/2004
<b>Docket/Case Number:</b>	C8A040126
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	12/29/2004



**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$20,000.00

**Other Sanctions Ordered:** UNDERTAKING TO DEMONSTRATE THE ADEQUANCY AND EFFECTIVENESS OF THE SUPERVISORY TOOLS THAT THE FIRM HAS DEVISED TO DETECT AND PREVENT SIMILAR CONDUCT.

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$20,000.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE NASD'S LETTER OF ACCEPTANCE, WAIVER AND CONSENT STATED THAT AEFA, IN VIOLATION OF NASD CONDUCT RULES 2110 AND 3010, FAILED TO ADEQUATELY SUPERVISE ITS REGISTERED REPRESENTATIVE, SCOTT KENNETH FISCHER, WHO ENGAGED IN MUTUAL FUND SWITCHING DURING THE PERIOD OF MARCH 2000 THROUGH MAY 2001. NASD ALSO ALLEGED THAT THE SUPERVISORY REPORTS IN USE AT THE TIME WERE LIMITED AS A SUPERVISORY TOOL.

**Initiated By:** NASD

**Date Initiated:** 01/01/2004

**Docket/Case Number:** C8A040126

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** (1) FINE OF \$20,000 (2) UNDERTAKING

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 12/29/2004

**Sanctions Ordered:** Censure



Monetary/Fine \$20,000.00

**Other Sanctions Ordered:** UNDERTAKING. AEFA WILL DEMONSTRATE THE ADEQUACY OF ITS SUPERVISORY TOOLS USED TO DETECT AND PREVENT SIMILAR CONDUCT.

**Sanction Details:** AEFA PAID A \$20,000 FINE ON 12/6/2004. AEFA WILL UNDERTAKE TO DEMONSTRATE THE ADEQUACY AND EFFECTIVENESS OF ITS SUPERVISORY TOOLS USED TO DETECT AND PREVENT SIMILAR CONDUCT.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEFA ACCEPTED AND CONSENTED. ON 12/15/2004, AEFA SUBMITTED A CORRECTIVE ACTION STATEMENT AND STATEMENT OF MITIGATION TO THE NASD. THE CORRECTIVE ACTION STATEMENT EXPLAINED THAT EFFECTIVE JANUARY 2002, AEFA BELIEVES IT HAS MADE SIGNIFICANT IMPROVEMENTS WITH RESPECT TO BOTH THE DISTRIBUTION AND CONTENT OF ITS REDEMPTION REPORTS BY (1) IMPROVING ITS DISTRIBUTION AND REVIEW PROCESS WITH AN ELECTRONIC SUPERVISORY SYSTEM; (2) IMPROVING THE CONTENT OF THE REDEMPTION/PURCHASE REPORTS SO THAT THE REGISTERED PRINCIPALS COULD MORE EASILY AND ACCURATELY IDENTIFY IMPROPER TRADING ACTIVITIES, AND (3) CONTINUING TO EXPLORE WAYS TO REFINE THE ACCESSIBILITY AND EFFECTIVENESS OF THE REPORTING TOOL.

## Disclosure 58 of 78

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE STATE OF FLORIDA ALLEGED THAT AEFA DID NOT DISCLOSE TO CLIENTS THAT ITS FINANCIAL ADVISORS' SECURITIES RECOMMENDATIONS COULD BE AFFECTED BY AEFA'S WRAP EXIT/PURCHASE POLICY, WHICH IMPOSED ASSESSMENTS ON ITS FINANCIAL ADVISORS FOR CERTAIN INELIGIBLE TRANSFERS OF AMERICAN EXPRESS MUTUAL FUNDS INTO MANAGED PORTFOLIO PRODUCTS OR WRAP ACCOUNTS. AT THE SAME TIME, THE CLIENT FEE WAS REDUCED FOR ONE YEAR ON THE ENTIRE ACCOUNT BALANCE. THE POLICY WAS APPLIED UNIFORMLY TO BOTH PROPRIETARY AND NON-PROPRIETARY PRODUCTS.

**Initiated By:** STATE OF FLORIDA OFFICE OF FINANCIAL REGULATION

**Date Initiated:** 12/01/2003

**Docket/Case Number:** ADMIN. PROC. NO. 0153-S-8/04

**Principal Product Type:** Mutual Fund(s)



<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	(1) CEASE AND DESIST VIOLATIONS OF CHAPTER 517, FLORIDA STATUTES AND RULES (2) REIMBURSEMENT TO AFFECTED FINANCIAL ADVISORS
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	11/08/2004
<b>Sanctions Ordered:</b>	Monetary/Fine \$32,000.00
<b>Other Sanctions Ordered:</b>	REIIMBURSEMENT OF ASSESSMENTS TO AFFECTED ADVISORS
<b>Sanction Details:</b>	ON OCTOBER 7, 2004 AEFA PAID AN ADMINISTRATIVE FINE OF \$32,000 TO THE STATE OF FLORIDA.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEFA CONSENTED TO THE STATE'S FINDINGS, THAT IT FAILED TO ADEQUATELY COMMUNICATE ITS POLICY TO CLIENTS OF AN ASSESSMENT AGAINST FINANCIAL ADVISORS WHEN MOVING PROPRIETARY FUNDS INTO MANAGED PORTFOLIO ACCOUNTS. AEFA AGREED TO PAY THE ADMINISTRATIVE FINE AND REIMBURSE THE AFFECTED FINANCIAL ADVISORS.

#### Disclosure 59 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	ARTICLE V, SECTIONS 2(C) AND 3(B) OF NASD'S BY-LAWS, AND NASD RULES 2110 AND 3010 - AMERICAN EXPRESS FINANCIAL ADVISORS INC. ("RESPONDENT FIRM") FILED AT LEAST 770 LATE AMENDMENTS TO FORMS U4 AND U5, WHICH REPRESENTED APPROXIMATELY 44% OF THE REQUIRED AMENDMENTS RELATING TO REPORTABLE CUSTOMER COMPLAINTS, TERMINATIONS, REGULATORY ACTIONS, AND CRIMINAL DISCLOSURES. DURING THE RELEVANT PERIOD, THE RESPONDENT FIRM'S SUPERVISORY SYSTEM AND PROCEDURES WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS ARTICLE V REPORTING OBLIGATIONS.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	11/30/2004
<b>Docket/Case Number:</b>	CAF040090



**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 11/30/2004

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$700,000.00

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, IT IS CENSURED AND FINED \$700,000, WHICH SHALL BE PAID WITHIN 10 DAYS OF NOTICE OF ACCEPTANCE OF THIS AWC. IN ADDITION RESPONDENT FIRM SHALL COMPLY WITH THE FOLLOWING UNDERTAKINGS: (1) PROMPTLY FOLLOWING NOTICE OF ACCEPTANCE OF THIS AWC, THE FIRM'S INTERNAL AUDIT DEPARTMENT OR PERSONNEL NOT DIRECTLY RESPONSIBLE FOR THE FIRM'S ARTICLE V REPORTING OBLIGATIONS AND THEIR IMMEDIATE SUPERVISORS SHALL CONDUCT AN AUDIT TO ASSESS THE EFFECTIVENESS OF ITS SYSTEM AND PROCEDURES FOR ENSURING TIMELY FILING OF FORM U4 AND U5 AMENDMENTS SUMMARIZING FINDINGS AND RECOMMENDATIONS AND SHALL FOR THE NEXT FOUR CALENDAR QUARTERS BEGINNING FOURTH QUARTER 2004, CONDUCT A SIMILAR AUDIT AND PREPARE A SIMILAR WRITTEN AUDIT REPORT. (2) NO LATER THAN 90 DAYS AFTER NOTICE OF ACCEPTANCE OF THIS AWC, AN OFFICER OF THE FIRM SHALL CERTIFY IN WRITING TO NASD THAT AN AUDIT WAS CONDUCTED AND THE OFFICER HAS REVIEWED THE CURRENT AUDIT REPORT. (3) NO LATER THAN 60 DAYS AFTER THE DATE OF THE CURRENT AUDIT REPORT, AN OFFICER SHALL CERTIFY IN WRITING TO NASD THAT THE FIRM HAS IMPLEMENTED, OR HAS BEGUN TO IMPLEMENT, ANY RECOMMENDATIONS WITHIN A SPECIFIED TIME PERIOD. (4) NO LATER THAN 60 DAYS AFTER THE LAST DAY OF THE NEXT FOUR QUARTERS, AN OFFICER SHALL CERTIFY IN WRITING TO NASD THAT AN AUDIT WAS CONDUCTED, THE CURRENT AUDIT



REPORT WAS REVIEWED, AND RECOMMENDATIONS IMPLEMENTED, OR BEGUN TO BE IMPLEMENTED. (5) NO LATER THAN SIX MONTHS AFTER NOTICE OF ACCEPTANCE OF THIS AWC, AN OFFICER SHALL CERTIFY IN WRITING TO NASD THAT THE FIRM HAS REVIEWED ITS SYSTEM AND PROCEDURES FOR COMPLYING WITH ITS ARTICLE V REPORTING OBLIGATIONS AND HAS ESTABLISHED A SYSTEM AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REPORTING REQUIREMENTS SET FORTH THEREIN.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD ALLEGED THAT FROM JANUARY 2002 THROUGH MARCH 2004 AEFA FAILED TO (1) TIMELY FILE AT LEAST 770 CERTAIN FORM U4 AND U5 AMENDMENTS IN VIOLATION OF NASD BY-LAWS, ARTICLE V, SECTIONS (2)(C) AND 3(B) (THE "ARTICLE V REPORTING OBLIGATIONS"); AND (2) REASONABLY SUPERVISE COMPLIANCE WITH ARTICLE V REPORTING OBLIGATIONS.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	06/25/2004
<b>Docket/Case Number:</b>	CAF040090
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	(1) FINE OF \$700,000 (2) UNDERTAKING
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	11/30/2004
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$700,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING. AEFA WILL: (1) PROMPTLY AFTER ACCEPTANCE OF THE AWC, CONDUCT AN INTERNAL AUDIT TO ASSESS THE EFFECTIVENESS OF ITS SYSTEM AND PROCEDURES TO ENSURE TIMELY AMENDMENT FILINGS, INCLUDING A WRITTEN REPORT OF THE AUDIT'S FINDINGS AND RECOMMENDATIONS. THEREAFTER, FOR FOUR CALENDAR QUARTERS, BEGINNING FOURTH QUARTER 2004, AEFA WILL AUDIT THE SAME SYSTEM AND PROCEDURES. WITHIN A SPECIFIED TIME AFTER EACH AUDIT, AN



AEFA OFFICER WILL CERTIFY TO THE NASD, THAT SUCH OFFICER REVIEWED THE REPORT AND THAT AEFA HAS IMPLEMENTED OR WILL IMPLEMENT RECOMMENDATIONS WITHIN A REASONABLE TIME PERIOD. (2) NO LATER THAN SIX MONTHS AFTER ACCEPTANCE OF THE AWC, AN AEFA OFFICER WILL CERTIFY TO THE NASD THAT AEFA HAS ESTABLISHED A SYSTEM AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE REPORTING REQUIREMENTS.

**Sanction Details:**

ON DECEMBER 7, 2004, AEFA PAID A CIVIL MONEY PENALTY OF \$700,000 TO THE NASD. AEFA WILL UNDERTAKE AUDIT AND IMPLEMENTATION ACTIONS TO ENSURE ITS SYSTEM AND PROCEDURES ACHIEVE REPORTING REQUIREMENTS. NO LATER THAN SIX MONTHS AFTER THE AWC, AN AEFA OFFICER WILL CERTIFY TO IMPLEMENTATION OF PROCEDURES TO ACHIEVE REPORTING REQUIREMENTS.

**Firm Statement**

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEFA ACCEPTED AND CONSENTED. AEFA WILL CONDUCT THE REQUIRED AUDITS AND IMPLEMENT RECOMMENDATIONS, AND AN AEFA OFFICER WILL REVIEW THE AUDIT REPORTS AND CERTIFY TO THE IMPLEMENTATION OF RECOMMENDATIONS. NO LATER THAN SIX MONTHS AFTER THE AWC, AN AEFA OFFICER WILL CERTIFY THAT AEFA HAS ESTABLISHED A SYSTEM AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE REPORTING REQUIREMENTS.

**Disclosure 60 of 78**
**Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

NASD CONDUCT RULES 2110, 2210(B), 2210(C), AND 3010 - RESPONDENT MEMBER FAILED TO FILE IN A TIMELY MANNER WITH NASD ADVERTISING AND SALES LITERATURE IT USED WITH THE INVESTING PUBLIC; USED SEVERAL PIECES OF ADVERTISEMENTS AND SALES LITERATURE WITH THE INVESTING PUBLIC PRIOR TO OBTAINING THE REQUIRED WRITTEN APPROVAL BY A FIRM PRINCIPAL; AND, FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FEDERAL SECURITIES LAWS AND NASD RULES, NASD'S ADVERTISING RULES IN THAT THEY FAILED TO CONSISTENTLY MONITOR AND ENFORCE POLICIES AND PROCEDURES RELATING TO ADVERTISING AND SALES LITERATURE.

**Initiated By:**

NASD

**Date Initiated:**

09/29/2004

**Docket/Case Number:**

CAF040072





**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/29/2004

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$400,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$400,000.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD ALLEGED THAT BETWEEN JANUARY 1, 2000 AND JUNE 30, 2003 AMERICAN EXPRESS FINANCIAL ADVISORS INC. FAILED TO (1) TIMELY FILE MORE THAN 500 PIECES OF SALES LITERATURE; (2) OBTAIN PRINCIPAL APPROVAL OF SALES LITERATURE PRIOR TO USE WITH THE INVESTING PUBLIC; AND (3) ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE SYSTEMS AND PROCEDURES. ALL ALLEGATIONS VIOLATE NASD CONDUCT RULE 2110 AND RULES 2110(C), 2110(B) AND 3010, RESPECTIVELY.

**Initiated By:** NASD

**Date Initiated:** 04/27/2004

**Docket/Case Number:** CAF040072

**Principal Product Type:** No Product

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:**

Censure

**Other Sanction(s)/Relief Sought:**

PENALTY \$400,000

**Resolution:**

Acceptance, Waiver &amp; Consent(AWC)

**Resolution Date:**

09/29/2004

**Sanctions Ordered:**Censure  
Monetary/Fine \$400,000.00**Other Sanctions Ordered:****Sanction Details:**

ON 10/6/2004 AMERICAN EXPRESS FINANCIAL ADVISORS PAID A CIVIL MONEY PENALTY OF \$400,000 TO THE NASD.

**Firm Statement**

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OR FINDINGS, AMERICAN EXPRESS FINANCIAL ADVISORS ACCEPTED AND CONSENTED TO THE SANCTIONS.

**Disclosure 61 of 78****Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

SECTION 17 OF THE SECURITIES EXCHANGE ACT OF 1934, SEC RULE 17A-4, NASD RULES 2110, 3110 - RESPONDENT MEMBER FAILED AND NEGLECTED TO MAINTAIN CERTAIN RECORDS AND ALTHOUGH THE FIRM WAS ABLE TO RECONSTRUCT THE RECORDS FROM DATA ELECTRONICALLY STORED, THE ELECTRONIC STORAGE DID NOT PRESERVE RECORDS IN A NON-REWRITEABLE, NON-ERASABLE FORMAT AS REQUIRED BY SEC RULE 17A-4(F). THE FIRM FAILED TO PRESERVE IN AN ACCEPTABLE FORMAT COPIES OF ACCOUNT STATEMENTS DISTRIBUTED TO ALL CUSTOMERS, COPIES OF LETTERS SENT TO CUSTOMERS CONFIRMING CHANGES OF ADDRESS, AND COPIES OF CONFIRMATIONS OF PURCHASES AND SALES OF SHARES OF THE FIRM'S PROPRIETARY MUTUAL FUNDS.

**Initiated By:**

NASD

**Date Initiated:**

05/20/2004

**Docket/Case Number:**

C05040017

**Principal Product Type:**

No Product



**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 05/20/2004

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$300,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERICAN EXPRESS FINANCIAL ADVISORS INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED \$300,000. WITHIN 90 DAYS AFTER ACCEPTANCE OF THE AWC THE FIRM WILL PROVIDE NASD WITH A REPORT ATTESTING TO AND SETTLING FORTH THE DETAILS OF IMPLEMENTATION OF PROCEDURES CORRECTING THE DEFICIENCIES NOTED IN THE AWC AND THE FIRM'S COMPLIANCE WITH SEC RULE 17A-4.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD ALLEGED THAT AEFA DID NOT MEET CERTAIN RECORDKEEPING REQUIREMENTS FOR ELECTRONIC STORAGE BY FAILING TO PRESERVE, IN AN ACCEPTABLE FORMAT, CERTAIN CLIENT RECORDS. THIS VIOLATED RULE 17A-4 OF THE SECURITIES EXCHANGE ACT OF 1934 AND NASD CONDUCT RULES 2110 AND 3110.

**Initiated By:** NASD

**Date Initiated:** 01/01/2003

**Docket/Case Number:** C05040017

**Principal Product Type:** No Product



<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	\$300,000.00 FINE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	05/20/2004
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$300,000.00
<b>Other Sanctions Ordered:</b>	UNDERTAKING - WITHIN 90 DAYS OF 5/20/04, AEFA WILL REPORT AND ATTEST TO NASD DETAILS OF (I) IMPLEMENTATION OF PROCEDURES CORRECTING NOTED DEFICIENCIES, AND (II) COMPLIANCE WITH SEC RULE 17A-4.
<b>Sanction Details:</b>	\$300,000.00 FINE PAID WEEK OF JUNE 7, 2004.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEFA ACCEPTED AND CONSENTED TO THE ENTRY OF THE NASD FINDINGS AND AGREED TO THE SANCTIONS. THE VIOLATIONS CAME TO LIGHT AS A RESULT OF THE NASD ENFORCEMENT AGAINST A FORMER AEFA REGISTERED REPRESENTATIVE WHO MADE UNAUTHORIZED SALES AND CASH WITHDRAWALS FROM A CUSTOMER ACCOUNT AND CONVERTED THE FUNDS TO HIS OWN USE AND BENEFIT.

#### Disclosure 62 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	3/29/2004 CONSENT ORDER ALLEGED THAT THE FIRM HAD ACTED IMPROPERLY BY NOT DISCLOSING TO CLIENTS THAT REPRESENTATIVES OF THE FIRM WERE BEING PENALIZED \$1,000 PER OCCURRENCE IF THEY MOVED CLIENT FUNDS HELD LESS THAN 30 MONTHS FROM A MUTUAL FUND TO A WRAP ACCOUNT. THE FIRM HAS SINCE DISCONTINUED THAT POLICY. IN ADDITION, THE CONSENT ORDER ALLEGED THAT AMERICAN EXPRESS FINANCIAL ADVISORS, INC. HAD PROVIDED INACCURATE INFORMATION TO THE AGENCY.
<b>Initiated By:</b>	CONNECTICUT
<b>Date Initiated:</b>	03/29/2004
<b>Docket/Case Number:</b>	CO-03-6788-S

**URL for Regulatory Action:****Principal Product Type:** Mutual Fund(s)**Other Product Type(s):****Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)**Other Sanction(s)/Relief Sought:****Resolution:** Consent**Resolution Date:** 03/29/2004**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** Yes**Sanctions Ordered:** Monetary/Fine \$110,000.00**Other Sanctions Ordered:** THE CONSENT ORDER FINED THE FIRM \$110,000. OF THAT AMOUNT, \$100,000 CONSTITUTED AN ADMINISTRATIVE FINE AND \$10,000 REPRESENTED REIMBURSEMENT FOR AGENCY INVESTIGATIVE COSTS. IN ENTERING THE CONSENT ORDER, THE COMMISSIONER ACKNOWLEDGED THAT THE FIRM HAD AGREED TO REIMBURSE THIRTY-TWO CONNECTICUT REPRESENTATIVES \$42,000 IN PENALTIES ASSESSED AGAINST THEM BY THE FIRM FOR MOVING CERTAIN CLIENT FUNDS TO WRAP ACCOUNTS.**Sanction Details:** SEE ABOVEE.**Reporting Source:** Firm**Current Status:** Final**Allegations:** THE STATE ALLEGED THAT AMERICAN EXPRESS FINANCIAL ADVISORS (AEFA) FAILED TO COMMUNICATE TO CLIENTS THAT IT IMPOSED A MONETARY PENALTY (\$1000 PER OCCURRENCE) ON ITS REGISTERED REPRESENTATIVES WHO VIOLATED ITS WRAP/EXIT PURCHASE POLICY. STATE FURTHER ALLEGED THAT AEFA'S POLICY MAY HAVE CAUSED ITS REGISTERED REPRESENTATIVES TO BE CONFLICTED WHEN PROVIDING ADVICE TO CLIENTS, WHICH WOULD HAVE VIOLATED SECTION 36B-31-15A OF THE REGULATIONS OF CONNECTICUT STATE AGENCIES. IF PROVEN, THIS ALLEGATION COULD FORM A BASIS TO REVOKE AEFA'S BROKER-DEALER REGISTRATION PURSUANT TO SECTION 36B-15(A)(2)(B) OF THE CONNECTICUT UNIFORM SECURITIES ACT (THE "ACT").



**Initiated By:** CONNECTICUT DEPARTMENT OF BANKING

**Date Initiated:** 12/01/2003

**Docket/Case Number:** CO-03-6788-S

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:**

**Resolution:** Consent

**Resolution Date:** 03/29/2004

**Sanctions Ordered:** Monetary/Fine \$110,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** REIMBURSEMENT OF PENALTIES TO SANCTIONED ADVISORS.

**Sanction Details:** AEFA PAID TO THE DEPARTMENT OF BANKING A \$100,000 ADMINISTRATIVE FINE AND \$10,000 AS A REIMBURSEMENT FOR ITS COST OF THE INVESTIGATION. WITHIN 30 DAYS OF THE ORDER, AEFA WILL REIMBURSE \$42,000 IN PENALTIES TO THE THIRTY-TWO CONNECTICUT REGISTERED REPRESENTATIVES WHO WERE ASSESSED THE PENALTY, AND WILL SEND A LETTER TO THE PENALIZED CONNECTICUT REGISTERED REPRESENTATIVE EXPLAINING THE REIMBURSEMENT OF THE PENALTY AND WHY THEY ARE RECEIVING IT.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEFA ACCEPTED AND CONSENTED TO THE ORDER. BY DATE OF THE ENTRY OF THE ORDER, AEFA PAID THE FINES ASSESSED AGAINST IT. AEFA REPRESENTED THAT WITHIN 30 DAYS OF THE ORDER IT (1) WILL REIMBURSE THE 32 AEFA CONNECTICUT REGISTERED REPRESENTATIVES \$42,000 IN PENALTIES ASSESSED AGAINST THEM, AND (2) SEND A LETTER TO THESE REPRESENTATIVES EXPLAINING THE REIMBURSEMENT AND WHY THEY ARE RECEIVING IT.

#### Disclosure 63 of 78

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC ADMINISTRATIVE RELEASE NO. 33-8365, 34-49227, FILE NO. 3-11395, DATED FEBRUARY 12, 2004; DURING 2001 AND 2002 (THE "RELEVANT



PERIOD"), RESPONDENT SOLD SHARES ISSUED BY MUTUAL FUNDS WITHOUT PROVIDING CERTAIN CUSTOMERS WITH THE REDUCTIONS IN FRONT-END LOADS, OR SALES CHARGES, ALSO KNOWN AS "BREAKPOINT" DISCOUNTS, DESCRIBED IN THE PROSPECTUSES OF THE FUNDS. ACCORDING TO DATA SUBMITTED TO NASD BY RESPONDENT, RESPONDENT IS ESTIMATED TO HAVE FAILED TO GIVE CERTAIN CUSTOMERS BREAKPOINT DISCOUNTS TOTALING APPROXIMATELY \$3,706,693 DURING THE RELEVANT PERIOD. BY FAILING TO DISCLOSE TO CERTAIN CUSTOMERS THAT THEY WERE NOT RECEIVING THE BENEFIT OF APPLICABLE BREAKPOINT DISCOUNTS, RESPONDENT VIOLATED SECTION 17(A)(2) OF THE SECURITIES ACT. FURTHER, BECAUSE RESPONDENT DID NOT CHARGE THESE CUSTOMERS THE CORRECT SALES LOADS AS SET FORTH IN THE MUTUAL FUNDS' PROSPECTUSES, AND ALSO DID NOT DISCLOSE IN CONFIRMATIONS THE REMUNERATION RESPONDENT RECEIVED FROM THE SALES LOADS CHARGED TO THESE CUSTOMERS, RESPONDENT VIOLATED RULE 10B-10 UNDER THE EXCHANGE ACT.

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 02/12/2004

**Docket/Case Number:** FILE NO. 3-11395

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Order

**Resolution Date:** 02/12/2004

**Sanctions Ordered:** Censure  
Monetary/Fine \$1,853,347.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. PURSUANT TO SECTION 15(B)(4) OF THE EXCHANGE ACT, THAT RESPONDENT IS CENSURED; PURSUANT TO SECTION 8A OF THE SECURITIES ACT AND SECTION 21C OF THE EXCHANGE ACT, THAT RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY



FUTURE VIOLATIONS OF SECTION 17(A)(2) OF THE SECURITIES ACT, AND RULE 10B-10 UNDER THE EXCHANGE ACT; WITHIN 10 DAYS OF THE ENTRY OF THIS ORDER, RESPONDENT SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$1,853,347 TO THE UNITED STATES TREASURY. RESPONDENT SHALL PAY DISGORGEMENT AND PREJUDGMENT INTEREST, WHICH OBLIGATION SHALL BE SATISFIED BY COMPLIANCE WITH THE CUSTOMER REFUND PROGRAM, AND MORE FULLY SET FORTH IN NASD'S RELATED ORDER; AND NOT LATER THAN 6 MONTHS AFTER THE DATE OF THIS ORDER, UNLESS OTHERWISE EXTENDED BY THE STAFF OF THE COMMISSION FOR GOOD CAUSE SHOWN, RESPONDENT'S CHIEF EXECUTIVE OFFICER SHALL CERTIFY IN WRITING TO THE STAFF OF THE COMMISSION THAT RESPONDENT HAS IMPLEMENTED PROCEDURES, AND A SYSTEM FOR APPLYING SUCH PROCEDURES, THAT CAN REASONABLY BE EXPECTED TO PREVENT AND DETECT FAILURES BY RESPONDENT TO PROVIDE APPROPRIATE BREAKPOINT DISCOUNTS FOR WHICH CUSTOMERS ARE ELIGIBLE ON PURCHASES OF FRONT-END LOAD MUTUAL FUNDS, BASED ON INFORMATION REASONABLY ASCERTAINABLE BY RESPONDENT.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE SEC ALLEGED THAT (1) AEFA FAILED TO DISCLOSE TO CERTAIN CUSTOMERS THAT THEY WERE NOT RECEIVING THE BENEFIT OF APPLICABLE MUTUAL FUND BREAKPOINT DISCOUNTS, IN VIOLATION OF SECTION 17(A)(2) OF THE SECURITIES ACT OF 1933; AND (2) BECAUSE AEFA DID NOT CHARGE THE CORRECT SALES LOAD AS SET FORTH IN THE PROSPECTUSES, AND DID NOT DISCLOSE IN CONFIRMATIONS THE RENUMERATION IT RECEIVED FROM THE SALES LOADS CHARGED TO THESE CUSTOMERS, IT VIOLATED RULE 10B-10 UNDER THE SECURITIES AND EXCHANGE ACT OF 1934.
<b>Initiated By:</b>	SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	11/01/2002
<b>Docket/Case Number:</b>	FILE NO. 3-11395
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief</b>	1) CEASE AND DESIST





<b>Sought:</b>	2) CENSURE 3) DISGORGEMENT 4) UNDERTAKING
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	02/12/2004
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$1,853,347.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	ON FEBRUARY 25, 2004, AEFA PAID A CIVIL MONEY PENALTY OF \$1,853,347.00 TO THE SEC. AEFA HAS PAID THE SAME AMOUNT TO THE NASD IN A RELATED ORDER. AEFA WILL UNDERTAKE CERTAIN REMEDIAL AND CORRECTIVE MEASURES RELATED TO PROVIDING REFUNDS TO CUSTOMERS WHO DID NOT RECEIVE APPROPRIATE BREAKPOINT DISCOUNTS. THE APPROXIMATE TOTAL OF THOSE DISCOUNTS IS \$3,706,693.00. WITHIN SIX MONTHS OF THE ORDER, AEFA'S CEO MUST CERTIFY TO IMPLEMENTATION OF PROCEDURES AND A SYSTEM FOR APPLYING SUCH PROCEDURES, TO ENSURE APPROPRIATE BREAKPOINT DISCOUNTS ARE PROVIDED TO ELIGIBLE CUSTOMERS.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, AEFA CONSENTED TO THE ORDER. WITHIN SIX MONTHS OF THE ORDER, AEFA'S CEO WILL CERTIFY THAT AEFA HAS IMPLEMENTED PROCEDURES TO PREVENT AND DETECT FAILURES BY AEFA TO PROVIDE APPROPRIATE BREAKPOINT DISCOUNTS TO ELIGIBLE CUSTOMERS WHO PURCHASE FRONT-END LOAD MUTUAL FUNDS. AEFA WILL MAKE VIGOROUS EFFORTS TO LOCATE AND MAKE REFUNDS TO CUSTOMERS WHO DID NOT RECEIVE APPLICABLE BREAKPOINT DISCOUNTS.

#### Disclosure 64 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD CONDUCT RULE 2110 - RESPONDENT MEMBER SOLD SHARES ISSUED BY MUTUAL FUNDS WITHOUT PROVIDING CERTAIN CUSTOMERS WITH THE REDUCTION IN THE FRONT-END LOADS, OR SALES CHARGES DESCRIBED IN THE PROSPECTUSES OF THE FUNDS; FAILED TO GIVE ITS CUSTOMERS BREAKPOINT DISCOUNTS IN 29.70% OF ELIGIBLE MUTUAL FUND TRANSACTIONS IN 2001 AND 2002, THAT RESULTED IN MISSED BREAKPOINTS THAT WOULD HAVE REDUCED CUSTOMERS CHARGES BY



AT LEAST \$3,706,693 ON THEIR PURCHASES OF MUTUAL FUND SHARES WITH FRONT-END LOADS DURING THE RELEVANT PERIOD.

**Initiated By:** NASD

**Date Initiated:** 02/12/2004

**Docket/Case Number:** CAF040003

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 02/12/2004

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$1,853,346.50

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AMERICAN EXPRESS FINANCIAL ADVISORS, INC. CONSENTED TO THE FINDING OF THE ALLEGATIONS AND TO THE FOLLOWING SANCTIONS: CENSURED AND FINED \$3,706,693, OF WHICH ONE HALF SHALL BE PAID TO NASD AND ONE HALF TO U.S. TREASURY PURSUANT TO RELATED SEC PROCEEDINGS BEING INSTITUTED AGAINST RESPONDENT ON THIS DATE, AND REQUIRED TO PROVIDE WRITTEN NOTIFICATION TO EACH CUSTOMER WHO PURCHASED FRONT-END LOAD MUTUAL FUNDS THROUGH THE FIRM FROM JANUARY 1, 1999 THROUGH NOVEMBER 3, 2003 THAT THE FIRM EXPERIENCED A PROBLEM DELIVERING BREAKPOINT DISCOUNTS AND THAT AS A RESULT, THE CUSTOMER MAY BE ENTITLED TO A REFUND; PERFORM A TRADE-BY-TRADE ANALYSIS OF ALL FRONT-END LOAD MUTUAL FUND PURCHASES OF \$2,500 OR MORE AND ALL OVERCHARGES IDENTIFIED REFUNDED BY MARCH 31, 2004; PROVIDE REFUNDS TO ALL CUSTOMERS WHO DID NOT RECEIVE ALL APPLICABLE BREAKPOINT DISCOUNTS AS DESCRIBED IN NTM 03-47; PROVIDE NASD A REPORT ON



RESPONDENT'S PROGRAM BY 4/16/04; AND NOT LATER THAN SIX MONTHS AFTER THE DATE OF THIS ORDER, RESPONDENT'S CHIEF EXECUTIVE OFFICER SHALL CERTIFY IN WRITING TO NASD THAT RESPONDENT HAS IMPLEMENTED PROCEDURES AND A SYSTEM FOR IDENTIFYING SUCH PROCEDURES THAT CAN REASONABLY BE EXPECTED TO PREVENT AND DETECT FAILURES TO PROVIDE BREAKPOINT DISCOUNTS FOR WHICH CUSTOMERS ARE ELIGIBLE ON PURCHASES OF FRONT-END LOAD MUTUAL FUNDS.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD ALLEGED THAT AEFA FAILED TO GIVE MUTUAL FUND BREAKPOINT DISCOUNTS AS DESCRIBED IN THE FUND PROSPECTUSES IN VIOLATION OF NASD CONDUCT RULE 2110.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 03/01/2003

**Docket/Case Number:** CAF040003

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:** 1) CENSURE  
2) DISGORGEMENT  
3) UNDERTAKING

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 02/12/2004

**Sanctions Ordered:** Censure  
Monetary/Fine \$1,853,347.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** AEFA WILL (1) PROVIDE WRITTEN NOTIFICATION TO CUSTOMERS WHO PURCHASED FRONT-END LOAD MUTUAL FUNDS FROM 1/1/1999 THROUGH 11/3/2003 OF POSSIBLE BREAKPOINT DISCOUNTS AND REFUNDS; (2) PERFORM A TRADE BY TRADE ANALYSIS OF ALL FRONT-END LOAD MUTUAL FUND PURCHASES OF \$2,500.00 OR MORE FROM 1/1/2001 THROUGH 11/3/2003; (3) PROVIDE A STATUS REPORT OF THE REFUND PROGRAM TO THE NASD BY 4/16/2004; AND (4) WITHIN SIX MONTHS OF THIS ORDER, PROVIDE A REPORT CERTIFIED BY AEFA'S CEO OF



#### IMPLEMENTATION PROCEDURES TO PREVENT FUTURE VIOLATIONS.

#### Sanction Details:

ON FEBRUARY 25, 2004, AEFA PAID A CIVIL MONEY PENALTY OF \$1,853,347.00 TO THE NASD. AEFA PAID THE SAME AMOUNT TO THE SEC IN A RELATED ORDER. AEFA WILL UNDERTAKE CERTAIN REMEDIAL AND CORRECTIVE MEASURES RELATED TO PROVIDING REFUNDS TO CUSTOMERS WHO DID NOT RECEIVE APPROPRIATE BREAKPOINT DISCOUNTS. THE APPROXIMATE TOTAL OF THOSE DISCOUNTS IS \$3,706,693. WITHIN SIX MONTHS OF THE ORDER, AEFA'S CEO MUST CERTIFY TO IMPLEMENTATION OF PROCEDURES.

#### Firm Statement

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OR FINDINGS, AEFA ACCEPTED AND CONSENTED. WITHIN SIX MONTHS OF THE ORDER, AEFA'S CEO WILL CERTIFY THAT AEFA HAS IMPLEMENTED PROCEDURES TO PREVENT AND DETECT FAILURES BY AEFA TO PROVIDE APPROPRIATE BREAKPOINT DISCOUNTS TO ELIGIBLE CUSTOMERS WHO PURCHASE FRONT-END LOAD MUTUAL FUNDS. AEFA WILL MAKE VIGOROUS EFFORTS TO LOCATE AND MAKE REFUNDS TO CUSTOMERS WHO DID NOT RECEIVE APPLICABLE BREAKPOINT DISCOUNTS.

#### Disclosure 65 of 78

#### Reporting Source:

Regulator

#### Current Status:

Final

#### Allegations:

NASD RULES 2110, 2310(A), 2310(B), 3010(A), 3010(A)(2), 3010(B)(1), 3110(A), IM-3110(B) - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER CONSENTED TO THE ENTRY OF FINDINGS THAT, THROUGH REGISTERED REPS, OMITTED MATERIAL FACTS WHEN SELLING VARIABLE ANNUITIES INTO QUALIFIED PLANS - FAILED TO ORALLY DISCLOSE THAT VARIABLE ANNUITIES DO NOT PROVIDE THE BENEFIT OR ADVANTAGE OF TAX DEFERRED EARNINGS WHEN PURCHASED IN QUALIFIED PLANS, FAILED TO ORALLY DISCLOSE THAT TAX DEFERRAL IS NOT JUSTIFICATION FOR PURCHASING VARIABLE ANNUITIES IN A QUALIFIED PLAN; FAILED TO EXPLAIN COSTS AND FEATURES OF VARIABLE ANNUITIES, FAILED TO DIFFERENTIATE ADEQUATELY VARIABLE ANNUITIES FROM MUTUAL FUNDS; FAILED TO ADDRESS THESE ISSUES ADEQUATELY WHEN TRAINING REPS AND OMITTED MATERIAL FACTS REGARDING QUALIFIED ANNUITIES IN DISCLOSURE DOCUMENTS AND SALES LITERATURE; THROUGH REGISTERED REPS, RECOMMENDED IN CERTAIN INSTANCES THE SALE OF VARIABLE ANNUITIES INTO QUALIFIED PLANS WITHOUT HAVING A REASONABLE BASIS FOR BELIEVING THE RECOMMENDATIONS WERE SUITABLE AND FAILED TO DETERMINE THAT CUSTOMERS HAD A NEED FOR A BENEFIT OFFERED BY A VARIABLE ANNUITY, OTHER THAN TAX DEFERRAL, WHEN RECOMMENDING THE PURCHASE OF THE PRODUCT; FAILED TO TAKE CORRECTIVE ACTION IN A



TIMELY MANNER WHEN IT BEGAN TO ADDRESS APPROPRIATENESS OF SELLING VARIABLE ANNUITIES INTO QUALIFIED PLANS; FAILED TO ADDRESS ADEQUATELY REVIEW OF VARIABLE ANNUITY AND VARIABLE LIFE INSURANCE TRANSACTIONS, FAILED TO PROVIDE REPRESENTATIVES WITH ADEQUATE SUITABILITY GUIDELINES, FAILED TO OBTAIN INFORMATION CRITICAL IN MAKING A DETERMINATION OF SUITABILITY AND CONDUCTING RELATED SUPERVISORY REVIEWS, INFORMATION REQUIRED FOR ITS BOOKS AND RECORDS, INFORMATION REQUIRED TO BE OBTAINED BY THE FIRM'S PROCEDURES; FAILED TO HAVE ADEQUATE PROCEDURES FOR VARIABLE PRODUCT EXCHANGES; FAILED TO ESTABLISH ADEQUATE PROCEDURES FOR REVIEW OF CUSTOMER ACCOUNT ACTIVITY ON A PERIODIC BASIS OR FOR THE HANDLING OF CUSTOMER COMPLAINTS.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Date Initiated:** 11/19/2002

**Docket/Case Number:** CAF020057

**Principal Product Type:** Annuity(ies) - Variable

**Other Product Type(s):** VARIABLE LIFE INSURANCE

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 11/19/2002

**Sanctions Ordered:** Censure  
Monetary/Fine \$350,000.00

**Other Sanctions Ordered:**

**Sanction Details:** CENSURED AND FINED \$350,000

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD ALLEGED THAT AEFA VIOLATED NASD CONDUCT RULES IN CONNECTION WITH THE OFFER AND SALE OF VARIABLE ANNUITIES AND VARIABLE LIFE INSURANCE THROUGH THE FOLLOWING ACTIONS. (1) IN SELLING VARIABLE ANNUITIES INTO TAX-QUALIFIED RETIREMENT ACCOUNTS, AEFA, THROUGH CERTAIN OF ITS REGISTERED



REPRESENTATIVES, OMITTED MATERIAL FACTS, ORALLY AND THROUGH INADEQUATE FIRM DISCLOSURE DOCUMENTS. (2) CERTAIN AEFA REGISTERED REPRESENTATIVES MADE RECOMMENDATIONS INVOLVING SALES OF ANNUITIES IN QUALIFIED PLANS WITHOUT HAVING A REASONABLE BASIS FOR BELIEVING THAT THE RECOMMENDATIONS WERE SUITABLE BASED ON THE CUSTOMERS NEEDS. (3) AEFA HAD INADEQUATE SUPERVISORY POLICIES AND PROCEDURES REGARDING THE SALE OF VARIABLE ANNUITIES AND VARIABLE LIFE INSURANCE. THE ABOVE ALLEGATIONS WERE IN VIOLATION OF NASD CONDUCT RULES 2110, 2310(A), 2310(B), 3010(A), 3010(A)(2), 3110(A) AND IM-3110(B).

<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	01/01/2001
<b>Docket/Case Number:</b>	AWC NO. CAF0F20057
<b>Principal Product Type:</b>	Annuity(ies) - Variable
<b>Other Product Type(s):</b>	VARIABLE LIFE INSURANCE
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	FINE - \$350,000.00
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	11/19/2002
<b>Sanctions Ordered:</b>	Monetary/Fine \$350,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE NASD IMPOSED A CENSURE AND FINE OF \$350,000.00.
<b>Firm Statement</b>	THE NASD IMPOSED A CENSURE AND A FINE OF \$350,000.00. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEFA ACCEPTED AND CONSENTED TO THE SANCTIONS.

#### Disclosure 66 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Appealed To and Date Appeal Filed:</b>	N/A
<b>Allegations:</b>	THE COMMISSIONER HAS ADVISED AMERICAN EXPRESS FINANCIAL ADVISORS, INC (HEREINAFTER 'RESPONDENT') THAT HE IS PREPARED TO



COMMENCE FORMAL ACTION PURSUANT TO MN STAT 45.027, SUB 7(2000) AGAINST RESPONDENT'S SECURITIES BROKER-DEALER LICENSE BASED ON ALLEGATIONS THAT RESPONDENT FAILED TO RESPOND IN A TIMELY MANNER TO DEPARTMENT REQUESTS CONCERNING THE AMENDMENT OF THE FORM U-4 OF THEIR AGENT IN VIOLATION OF MN STAT 45.027, SUB 1A(2000) AND FAILED TO REQUIRE THAT THEIR AGENT FILE CORRECTING AMENDMENTS TO HIS U-4 IN VIOLATION OF MN STAT 80A.07 SUB 1(10) (2000).

**Initiated By:** MINNESOTA DEPT OF COMMERCE

**Date Initiated:** 03/08/2002

**Docket/Case Number:** SE2105455/LMD

**URL for Regulatory Action:**

**Principal Product Type:** Other

**Other Product Type(s):** N/A

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** N/A

**Resolution:** Order

**Resolution Date:** 03/08/2002

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:** N/A

**Sanction Details:** N/A

**Regulator Statement** IT IS HEREBY ORDERED THAT PURSUANT TO MN STAT 45.027, SUB 6(2000) RESPONDENT SHALL PAY TO THE STATE OF MINNESOTA \$5000.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** MINNESOTA DEPARTMENT OF COMMERCE ALLEGED THAT AMERICAN EXPRESS FINANCIAL ADVISORS INC. VIOLATED MINNESOTA STATUTES BY NOT TIMELY RESPONDING TO DEPT. REQUESTS REGARDING ITS AGENT'S AMENDMENT OF FORM U-4 AND BY NOT REQUIRING ITS AGENT TO FILE CORRECTED FORM U-4 AMENDMENTS.

**Initiated By:** MINNESOTA DEPARTMENT OF COMMERCE



**Date Initiated:** 01/01/2002  
**Docket/Case Number:** SE2105466/LMD  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Order  
**Resolution Date:** 03/08/2002  
**Sanctions Ordered:** Monetary/Fine \$5,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** AEFA PAID A \$5000.00 CIVIL PENALTY ON 03/01/2002  
**Firm Statement** WITHOUT ADMITTING OR DENYING THE STATE'S ALLEGATIONS, AEFA CONSENTED TO THE ORDER AND PAID THE FINE.

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#### Disclosure 67 of 78

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** AEFA FAILED TO ADEQUATELY SUPERVISE THE ACTIVITIES OF AGENT RODNEY LYNN BELZER WHO MISAPPROPRIATED \$794,600 FROM SEVEN MISSOURI CLIENTS OF AEFA DURING THE PERIOD APRIL 1998 TO JUNE 2000.  
**Initiated By:** MISSOURI  
**Date Initiated:** 05/01/2002  
**Docket/Case Number:** ORDER NO. AO-02-14  
**URL for Regulatory Action:**  
**Principal Product Type:** Other  
**Other Product Type(s):** BELZER TOLD CLIENTS HE WOULD PURCHASE SECURITIES IN THEIR ACCOUNTS, BUT INSTEAD MISAPPROPRIATED THESE CLIENT FUNDS.  
**Principal Sanction(s)/Relief Sought:** Other





## Other Sanction(s)/Relief Sought:

<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	05/06/2002
<b>Sanctions Ordered:</b>	Monetary/Fine \$85,000.00
<b>Other Sanctions Ordered:</b>	ENHANCED SUPERVISION OF MISSOURI AGENTS.
<b>Sanction Details:</b>	AEFA PAID \$65,000 TO THE MISSOURI SECRETARY OF STATE'S INVESTOR EDUCATION FUND AND \$20,000 TO THE MISSOURI DIRECTOR OF REVENUE TOWARD THE COSTS OF THE INVESTIGATION FOR A TOTAL AMOUNT OF \$85,000.
<b>Regulator Statement</b>	THE DIVISION ALLEGED THAT BETWEEN APRIL 1998 AND MAY 2000, AEFA FAILED TO ADEQUATELY SUPERVISE FORMER AEFA AGENT RODNEY LYNN BELZER WHO MISAPPROPRIATED 28 CHECKS TOTALING \$794,600 FROM SEVEN MISSOURI INVESTORS. AEFA FAILED TO DETECT BELZER'S BUSINESS CHECKING ACCOUNT ENTITLED "ROD BELZER DBA AMERICAN EXPRESS FINANCIAL ADVISOR" WHERE HE DEPOSITED CLIENT CHECKS LATER USED FOR HIS PERSONAL EXPENSES. AEFA FAILED TO DETECT THAT BELZER WAS SUCCESSOR TRUSTEE ON ONE CLIENT'S REVOCABLE TRUST IN VIOLATION OF AEFA POLICY. AEFA FAILED TO DETECT THAT BELZER AS "TRUSTEE" ALSO RECEIVED MAIL SENT TO HIS AEFA OFFICE ADDRESS. DURING 9 MONTHS IN 1999, AEFA FAILED TO DETECT THAT BELZER DEPOSITED \$246,000 INTO HIS PERSONAL AEFA SECURITIES ACCOUNTS AND PAID OFF INCOME TAX LIENS IN EXCESS OF \$132,000. ON 3/5/2002 BELZER PLED GUILTY TO 7 COUNTS OF SECURITIES FRAUD AND WAS SENTENCED IN STATE COURT TO 10 YEARS IN PRISON. AEFA MADE FULL RESTITUTION TO BELZER'S VICTIMS AND AGREED TO RETAIN A FIELD COMPLIANCE DIRECTOR LOCATED IN MISSOURI ACCOUNTABLE FOR ALL MISSOURI BRANCH OFFICES AND WILL ENHANCE ITS SUPERVISORY PROCEDURES.

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	AEFA'S MAIL HANDLING PROCEDURES FAILED TO DETECT ADVISOR RODNEY BELZER'S IMPROPER RECEIPT OF CLIENT MAIL. AEFA REVIEWS FAILED TO DETECT BELZER IMPROPERLY OPENED A BUSINESS CHECKING ACCOUNT. HIS SUBSEQUENT DEPOSITS OF LARGE SUMS INTO THIS ACCOUNT AND INTO HIS AEFA PERSONAL SECURITIES ACCOUNT, AS WELL AS HIS LARGE PAYMENTS FOR OVERDUE FEDERAL AND STATE INCOME, DID NOT PROMPT AN INTERNAL REVIEW. AEFA FAILED TO ADEQUATELY



SUPERVISE REGISTERED AGENT BELZER IN VIOLATION OF STATUTE 409.204, RSMO, 2000.

NASDR ALLEGES THAT AEFA FAILED TO ADEQUATELY SUPERVISE THE ACTIVITIES OF FORMER AGENT RODNEY LYNN BELZER, WHO MISAPPROPRIATED \$794,600 FROM SEVEN MISSOURI CLIENTS OF AEFA DURING THE PERIOD APRIL 1998 TO JUNE 2000.

<b>Initiated By:</b>	MISSOURI SECURITIES DIVISION
<b>Date Initiated:</b>	06/01/2000
<b>Docket/Case Number:</b>	AO-02-14
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	RODNEY BELZER TOLD CLIENTS HE WOULD PURCHASE SECURITIES IN THEIR ACCOUNTS.
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	05/02/2002
<b>Sanctions Ordered:</b>	Monetary/Fine \$85,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	AEFA PAID (1)\$65,000 TO THE MISSOURI SECRETARY OF STATE'S INVESTOR FUND, AND (2)\$20,000 TO THE MISSOURI DIRECTOR OF REVENUE FOR THE COSTS OF THE INVESTIGATION. TOTAL AMOUNT WAS PAID ON 5/2/02.
<b>Firm Statement</b>	NASDR ALLEGED THAT BETWEEN 4/98 AND 5/2000, AEFA FAILED TO ADEQUATELY SUPERVISE FORMER AGENT RODNEY LYNN BELZER WHO MISAPPROPRIATED \$794,600 FROM SEVEN MISSOURI INVESTORS. AEFA FAILED TO DETECT: (1) BELZER'S BUSINESS CHECKING ACCOUNT ENTITLED "ROD BELZER DBA AMERICAN EXPRESS FINANCIAL ADVISOR", IN VIOLATION OF AEFA POLICY, WHERE HE DEPOSITED CLIENT CHECKS LATER USED FOR HIS PERSONAL EXPENSES; (2) BELZER WAS SUCCESSOR TRUSTEE ON A CLIENT'S REVOCABLE TRUST IN VIOLATION OF AEFA POLICY, AND RECEIVED MAIL TO HIS AEFA OFFICE ADDRESS; AND (3) BELZER DEPOSITED \$246,000 INTO HIS PERSONAL AEFA SECURITIES ACCOUNTS AND PAID OFF INCOME TAX LIENS IN EXCESS OF \$132,000. BELZER WAS SENTENCED TO TEN YEARS IN PRISON FOR SECURITIES FRAUD.



WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEFA AGREED TO (1) TIMELY FILE U-4 AMENDMENTS FOR ITS MISSOURI-REGISTERED SECURITIES AGENTS; (2) REASONABLY SUPERVISE AGENTS AND EMPLOYEES; (3) FOR TWO YEARS, (A) SEND THE DIVISION AMENDMENTS TO QUESTIONS 11 (FORMERLY 7) OF FORM BD AND 14 (FORMERLY 23) OF FORM U-4 RELATING TO MISSOURI CUSTOMERS OR SECURITIES AGENTS REGISTERED OR DOING BUSINESS IN MISSOURI, (B) MAKE AVAILABLE UPON REQUEST ALL BRANCH REVIEWS CONDUCTED BY STATE AND FEDERAL REGULATORS, ALONG WITH RELATED CORRESPONDENCE, AND (D) PROMPTLY REPORT TO THE DIVISION ALL MATERIAL CHANGES IN AEFA COMPLIANCE SUPERVISORS AND POLICIES PERTAINING TO MISSOURI-BASED AGENTS; (4) RETAIN A FIELD COMPLIANCE DIRECTOR (FCD) LOCATED IN MISSOURI, WHO WILL MEET WITH DIVISION W/IN SIX MONTHS OF ORDER RESOLUTION, REGARDING AEFA'S ENHANCEMENT EFFORTS FOR COMPLIANCE PROCEDURES IN ITS MISSOURI OFFICES; (5) ENHANCE SUPERVISORY PROCEDURES FOR DETECTION AND PREVENTION OF CUSTOMER ACCOUNT ABUSES BY MISSOURI-REGISTERED AGENTS, (6) PROVIDE MISSOURI REGISTERED PRINCIPALS GUIDANCE ON "RED FLAG" BEHAVIORS, (7) PAY \$65,000 TO THE MISSOURI SECRETARY OF STATE'S INVESTOR EDUCATION FUND, AND (8) PAY \$20,000 TO THE MISSOURI DIRECTOR OF REVENUE FOR INVESTIGATION COSTS.

#### Disclosure 68 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	RESPONDENT HAD OPERATED 9 MULTIPLE LOCATIONS IN TEXAS WHICH WERE NOT PROPERLY REGISTERED AS BRANCH OFFICES; RESPONDENT PERMITTED AGENTS TO SEND OUT CORRESPONDENCE CLAIMING THEY WERE REGISTERED REPRESENTATIVES OR FINANCIAL ADVISORS AT A TIME WHEN THEY WERE NOT REGISTERED, AND PERMITTED AGENTS TO ENGAGE IN THE OFFER AND SALE OF SECURITIES WHILE NOT REGISTERED AND ALLOWED AGENTS TO SOLICIT THE SALE OF SECURITIES IN VIOLATION OF ITS OWN INTERNAL PROCEDURES.
<b>Initiated By:</b>	TEXAS STATE SECURITIES BOARD
<b>Date Initiated:</b>	08/24/2000
<b>Docket/Case Number:</b>	SSB DOCKET NO 00-021, CAF-1402
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	



**Principal Sanction(s)/Relief Sought:** Reprimand

**Other Sanction(s)/Relief Sought:** ADMINISTRATIVE FINE IN AMOUNT OF \$9,000; REPRIMAND AND UNDERTAKING

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 08/24/2000

**Sanctions Ordered:** Monetary/Fine \$9,000.00

**Other Sanctions Ordered:** REPRIMAND AND UNDERTAKING

**Sanction Details:** ADMINISTRATIVE FINE IN AMOUNT OF \$9000, PAID CONTEMPORANEOUSLY WITH EXECUTION OF ORDER; FURTHER ORDERED TO COMPLY WITH TERMS OF UNDERTAKING INCORPORATED IN ORDER NO. CAF-1402.

**Regulator Statement** RESPONDENT AMERICAN EXPRESS FINANCIAL ADVISORS, INC. HAD OPERATED 9 MULTIPLE LOCATIONS IN TEXAS WHICH WERE NOT PROPERLY REGISTERED AS BRANCH OFFICES; HAD PERMITTED AGENTS TO SEND OUT CORRESPONDENCE CLAIMING THEY WERE REGISTERED REPRESENTATIVES OR FINANCIAL ADVISORS AT A TIME WHEN THEY WERE NOT REGISTERED, HAD PERMITTED AGENTS TO ENGAGE IN THE OFFER AND SALE OF SECURITIES WHILE NOT REGISTERED AND HAD ALLOWED AGENTS TO SOLICIT THE SALE OF SECURITIES IN VIOLATION OF ITS OWN INTERNAL PROCEDURES. FOR FURTHER INFORMATION CONTACT ENFORCEMENT AT (512) 305-8392.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** AEFA ENGAGED IN SECURITIES ACTIVITIES IN BRANCH OFFICES NOT PROPERLY REGISTERED AND PERMITTED IT'S AGENTS TO ENGAGE IN SECURITIES ACTIVITIES WHEN NOT REGISTERED WITH THE SECURITIES COMMISSIONER. AEFA PERMITTED AN AGENT TO SEND CORRESPONDENCE WITH MISLEADING INFORMATION ABOUT THE FINANCIAL PLANNING EXPERIENCE OF THAT AGENT. THESE WERE VIOLATIONS OF SECTIONS 12 AND 14(A)(3) OF THE TEXAS SECURITIES ACT.

**Initiated By:** SECURITIES COMMISSIONER OF THE STATE OF TEXAS

**Date Initiated:** 01/01/1999

**Docket/Case Number:** SSB DOCKET NO. 00-021



<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	SECURITIES IN GENERAL
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	08/14/2000
<b>Sanctions Ordered:</b>	Monetary/Fine \$9,000.00
<b>Other Sanctions Ordered:</b>	AEFA WAS ALSO REPRIMANDED AND REQUIRED TO COMPLY WITH TERMS OF AN UNDERTAKING WHICH CONSISTED PRIMARILY OF (1) ENSURING THAT IT'S BRANCH OFFICES AND AGENTS ARE PROPERLY REGISTERED PRIOR TO ENGAGING IN THE OFFER AND SALE OF SECURITIES OR THE SOLICITATION OF ADVISORY SERVICES, (2) CONDUCTING SPECIAL COMPLIANCE TRAINING FOR IT'S TEXAS AGENTS, (3) ENSURING THAT IT HAS APPROPRIATE COMPLIANCE AND SUPERVISORY PROCESSES IN PLACE FOR IT'S BRANCH OFFICE AND OSJ STRUCTURE, INCLUDING SUBMITTING A REPORT TO THE SECURITIES COMMISSIONER OUTLINING THE PROCEDURES AND WHAT HAS BEEN CHANGED.
<b>Sanction Details:</b>	\$9000.00 FINE WAS PAID ON 8/14/2001.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEFA AGREED: TO REGISTER BRANCH OFFICES BEFORE OPENING THEM; TO REGISTER ITS AGENTS BEFORE THEY ENGAGE IN SECURITIES AND INVESTMENT ADVISORY ACTIVITIES, INCLUDING SENDING OUT COMMUNICATIONS TO CLIENTS; THAT AGENTS WILL NOT MAKE MISLEADING CLAIMS ABOUT THEIR EXPERIENCE; TO CONDUCT TRAINING FOR EXISTING AGENTS WITH A PLACE OF BUSINESS IN TEXAS (COMPLETED 4TH QUARTER 2000); TO REVIEW ITS AGENTS' OUTSIDE BUSINESS ACTIVITIES DURING ROUTINE AUDITS; TO AMEND THE COMPLIANCE MANUAL WITH INSTRUCTIONS THAT AGENTS ENGAGE IN INVESTMENT ADVISORY ACTIVITIES UNTIL AEFA HAS NOTIFIED THEM IN WRITING THAT THEY ARE LICENSED AND REGISTERED AS REQUIRED; TO ESTABLISH A PROCEDURE FOR AGENTS TO DIRECTLY REPORT REGULATORY/EHTICAL VIOLATIONS TO SOMEONE OUTSIDE THEIR BRANCH OFFICE OR OSJ; AND TO REVIEW OF ITS BRANCH OFFICE AND OSJ SUPERVISORY STRUCTURE AND PROCEDURES AND REPORT ITS CASE TO THE TEXAS SECURITIES COMMISSIONER.

#### Disclosure 69 of 78

**Reporting Source:** Regulator



**Current Status:** Final

**Allegations:** NASD RULE 1120 AND 2110 - RESPONDENT PERMITTED FIVE INDIVIDUALS TO CONDUCT SECURITIES BUSINESS AND TO ACT IN A REGISTERED CAPACITY WHEN EACH INDIVIDUAL'S REGISTRATION HAD LAPSED FOR NON-COMPLIANCE WITH THE REGULATORY ELEMENT OF THE CONTINUING EDUCATION REQUIREMENT.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Date Initiated:** 08/04/2000

**Docket/Case Number:** C04000028

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 08/04/2000

**Sanctions Ordered:** Censure  
Monetary/Fine \$8,000.00

**Other Sanctions Ordered:**

**Sanction Details:** A JOINT AND SEVERAL FINE OF \$8,000.00 AGAINST RESPONDENT WHICH INCLUDES DISGORGEMENT OF COMMISSIONS EARNED OF \$5,500.00.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FROM FEBRUARY 1999 THROUGH AUGUST 1999, AMERICAN EXPRESS FINANCIAL ADVISORS INC. (AEFA) AND IDS LIFE INSURANCE COMPANY (IDSL), VIOLATED NASD MEMBERSHIP AND REGISTRATION RULE 1120 AND NASD CONDUCT RULE 2110 BY ALLOWING FIVE INDIVIDUALS TO CONDUCT SECURITIES BUSINESS AND TO ACT IN A REGISTERED CAPACITY WHEN THESE INDIVIDUALS' REGISTRATIONS HAD LAPSED FOR NON-COMPLIANCE WITH THE REGULATORY ELEMENT OF THE CONTINUING EDUCATION REQUIREMENT.

**Initiated By:** NASD REGULATION, INC., DISTRICT 4



**Date Initiated:** 08/04/2000  
**Docket/Case Number:** C04000028  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Censure  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 08/04/2000  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$8,000.00  
 Disgorgement/Restitution  
**Other Sanctions Ordered:**  
**Sanction Details:** NASDR IMPOSED A JOINT AND SEVERAL FINE OF \$8,000.00 AGAINST AEFA AND IDSL, WHICH INCLUDED DISGORGEMENT OF COMMISSIONS EARNED OF \$5,500.00. FINE WILL BE PAID UPON RECEIPT OF BILL FROM NASDR.  
**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, AEFA AND IDSL CONSENTED TO CENSURES AND A FINE OF \$8,000.00 AGAINST AEFA AND IDSL, WHICH INCLUDED DISGORGEMENT OF COMMISSION EARNED OF \$5,500.00.

#### Disclosure 70 of 78

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** AMERICAN EXPRESS FINANCIAL ADVISORS, INC. OPERATED A BRANCH OFFICE LOCATED AT 6130 PARADISE POINT DRIVE, MIAMI, FLORIDA WITHOUT THE BENEFIT OF REGISTRATION.  
**Initiated By:** FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION  
**Date Initiated:** 06/12/2000  
**Docket/Case Number:** 2664-S-5/00  
**URL for Regulatory Action:**  
**Principal Product Type:** Other



<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	06/20/2000
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	AMERICAN EXPRESS FINANCIAL ADVISORS, INC. CONSENTS TO THE ENTRY OF A FINDING BY THE DIVISION IN THIS MATTER.
<b>Regulator Statement</b>	BRANCH IN MIAMI NOT REGISTERED IN FLORIDA WHILE CONDUCTING BUSINESS.
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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	AEFA CONDUCTED SECURITIES BUSINESS IN AN UNREGISTERED BRANCH OFFICE.
<b>Initiated By:</b>	ST. OF FLORIDA, DEPT. BANK. & FIN., DIV. SEC. & INVEST PROTECT
<b>Date Initiated:</b>	01/01/2000
<b>Docket/Case Number:</b>	2664-S-5/00
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	06/20/2000
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	





<b>Sanction Details:</b>	AEFA AGREED TO PAY AN ADMINISTRATIVE FINE OF \$10,000.00 PAYABLE TO THE SECURITIES ANTI-FRAUD TRUST FUND. PAYMENT WAS RECEIVED ON MAY 31, 2000.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE STATE'S ALLEGATIONS, AEFA CONSENTED TO A FINDING THAT IT CONDUCTED SECURITIES BUSINESS IN AN UNREGISTERED BRANCH LOCATION IN VIOLATION OF SECTION 512.12(5), FLORIDA STATUTES AND RULE 3E-600.004(3)(A), FLORIDA ADMINISTRATIVE CODE. UPON PAYMENT OF THE \$10,000 FINE (5/31/2000) AND ENTRY OF THE FINAL ORDER (6/20/2000), THE STATE OF FLORIDA APPROVED AEFA'S BRANCH OFFICE REGISTRATION.

#### Disclosure 71 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	FAILURE TO SUPERVISE SALESMAN 09/97-07/99, AEFA RR WALTER ELZE ORDERED REDEMPTIONS FROM CUSTOMER SN'S ACCOUNTS ON 52 SEPARATE OCCASIONS, TOTALING \$226,000, VIA ADVISOR-ASSISTED TELEPHONE TRANSACTIONS. MOST INCURRED PENALTIES TO SN. ON ONLY 1 OCCASSION DID AEFA QUESTION THE ACTIVITY IN SN'S ACCOUNTS. AEFA SUPERVISORY PERSONNEL WERE ON NOTICE THAT ELZE WAS GAMBLING & IN DEBT TO AEFA. AEFA WAS AWARE OF COMPLAINTS INVOLVING ELZE BUT MADE NO FURTHER INVESTIGATION. CORRESPONDENCE WAS RECEIVED AT ELZE'S BRANCH, FROM BANK ONE, ADDRESSED TO WALTER ELZE OR SN. NO INVESTIGATION WAS CONDUCTED TO DETERMINE WHY ELZE HAD A JOINT BANK ACCOUNT WITH SN. AEFA FAILED TO MAINTAIN ACCURATE BOOKS AND RECORDS RELATED TO SN'S ACCOUNTS AND ELZE'S ACTIVITIES.
<b>Initiated By:</b>	ARIZONA SECURITIES DIVISION MATT NEUBERT (602) 542-4242
<b>Date Initiated:</b>	04/03/2000
<b>Docket/Case Number:</b>	S-03388A-00-000
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	ORDER OF RESTITUTION, RECISSION, DAMAGES, PENALTIES, OR DISGORGEMENT



**Resolution:** Order

**Resolution Date:** 04/03/2000

**Sanctions Ordered:** Monetary/Fine \$125,000.00

**Other Sanctions Ordered:** SEE BELOW

**Sanction Details:** SEE BELOW

**Regulator Statement** AEFA CONSENTED TO THE ENTRY OF AN ORDER BY THE COMMISSION WHERE IT WAS ORDERED TO: 1) PAY AN ADMINISTRATIVE PENALTY IN THE AMOUNT OF \$125,000 TO THE STATE OF ARIZONA; 2) SUBMIT TO THE DIVISION, ON A QUARTERLY BASIS FROM THE DATE OF THE ORDER, A WRITTEN REPORT SUMMARIZING ALL CUSTOMER COMPLAINTS INVOLVING ARIZONA RESIDENTS FOR TWO (2) YEARS FROM THE DATE OF THE ORDER; AND, 3) CONDUCT COMPLIANCE INSPECTIONS OF ALL AEFA OFFICE LOCATIONS WITHIN NINETY (90) DAYS OF THE ENTRY OF THE ORDER AND TO PROVIDE THE DIVISION WITH REPORTS OF THE FINDINGS OF EACH INSPECTION WITHIN THIRTY (30) DAYS OF THE COMPLETION OF EACH EXAMINATION

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FAILURE TO SUPERVISE SALESMAN 09/97 - 07/99, AEFA RR WALTER ELZE ORDERED REDEMPTIONS FROM CUSTOMER SN'S ACCOUNTS ON 52 SEPARATE OCCASIONS, TOTALING \$226,000, VIA ADVISOR-ASSISTED TELEPHONE TRANSACTIONS. MOST INCURRED PENALTIES TO SN. ON ONLY 1 OCCASION DID AEFA QUESTION THE ACTIVITY IN SN'S ACCOUNTS. AEFA SUPERVISORY PERSONNEL WERE ON NOTICE THAT ELZE WAS GAMBLING AND IN DEBT TO AEFA. AEFA WAS AWARE OF COMPLAINTS INVOLVING ELZE BUT MADE NO FURTHER INVESTIGATION. CORRESPONDENCE WAS RECEIVED AT ELZE'S BRANCH, FROM BANK ONE, ADDRESSED TO WALTER ELZE OR SN. NO INVESTIGATION WAS CONDUCTED TO DETERMINE WHY ELZE HAD A JOINT BANK ACCOUNT WITH SN. AEFA FAILED TO MAINTAIN ACCURATE BOOKS AND RECORDS RELATED TO SN'S ACCOUNTS AND ELZE'S ACTIVITIES.

**Initiated By:** ARIZONA SECURITIES DIVISION

**Date Initiated:** 08/01/1999

**Docket/Case Number:** S-03388A-00-000

**Principal Product Type:** Other



<b>Other Product Type(s):</b>	NO PRINCIPAL PRODUCT TYPE. ACTION INVOLVED ALL OF CLIENT'S VARIOUS ACCOUNTS.
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	04/03/2000
<b>Sanctions Ordered:</b>	Monetary/Fine \$125,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	AEFA WAS ORDERED TO PAY AN ADMINISTRATIVE PENALTY OF \$125,000.00 TO THE STATE OF ARIZONA.
<b>Firm Statement</b>	AEFA CONSENTED TO THE ENTRY OF AN ORDER BY THE COMMISSION WHERE IT WAS ORDERED TO: 1) PAY AND ADMINISTRATIVE PENALTY IN THE AMOUNT OF \$125,000 TO THE STATE OF ARIZONA; 2) SUBMIT TO THE DIVISION, ON A QUARTERLY BASIS FROM THE DATE OF THE ORDER, A WRITTEN REPORT SUMMARIZING ALL CUSTOMER COMPLAINTS INVOLVING ARIZONA RESIDENTS FOR TWO (2) YEARS FROM THE DATE OF THE ORDER; AND 3) CONDUCT COMPLIANCE INSPECTIONS OF ALL AREA OFFICE LOCATIONS WITHIN NINETY (90) DAYS OF THE ENTRY OF THE ORDER AND TO PROVIDE THE DIVISION WITH REPORTS OF THE FINDINGS OF EACH INSPECTION WITHIN THIRTY (30) DAYS OF THE COMPLETION OF EACH EXAMINATION.

#### Disclosure 72 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	APPLICANT (THEN KNOWN AS IDS FINANCIAL SERVICES INC., A SUBSIDIARY OF IDS FINANCIAL CORPORATION, NOW KNOWN AS AMERICAN EXPRESS FINANCIAL CORPORATION,) WAS ACCUSED OF MISQUOTING THE APPROPRIATE PREMIUM RATES FOR AN AUTOMOBILE INSURANCE POLICY.
<b>Initiated By:</b>	STATE OF ARIZONA, DEPARTMENT OF INSURANCE
<b>Date Initiated:</b>	06/01/1992
<b>Docket/Case Number:</b>	7726
<b>Principal Product Type:</b>	Insurance



<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL AND ADMINISTRATIVE PENALTY(IES)/FINE(S)
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	06/01/1992
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OF THE ARIZONA DEPARTMENT OF INSURANCE, IDS AGREED TO A CONSENT TO ORDER. BASED ON THE CONSENT, IDS AGREED TO PAY \$250.00 TO THE OFFICE OF ATTORNEY GENERAL FOR REIMBURSEMENT OF LEGAL COSTS OF THE PROCEEDING.

#### Disclosure 73 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	APPLICANT AND ITS AGENT VIOLATED SEC. 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 BY USING MATERIAL INSIDE INFORMATION IN CONNECTION WITH SECURITIES TRANSACTIONS.
<b>Initiated By:</b>	SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	12/02/1970
<b>Docket/Case Number:</b>	UNKNOWN
<b>Principal Product Type:</b>	Equity Listed (Common & Preferred Stock)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Injunction
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	10/12/1972
<b>Sanctions Ordered:</b>	Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	APPLICANT WAS PERMANENTLY ENJOINED FROM RECOMMENDING THE



PURCHASE OR SALE OF ANY SECURITY ISSUED BY LUM'S (NOW KNOWN AS CAESARS WORLD, INC.)

#### Firm Statement

WITHOUT ANY TRIAL OR ADJUDICATION OF ANY FACT OR ISSUE OF LAW OR WITHOUT ADMISSION BY APPLICANT IN RESPECT THERETO, BUT WITH THE CONSENT OF APPLICANT, AN ORDER WAS ENTERED ORDERING APPLICANT TO REFRAIN FROM RECOMMENDING THE PURCHASE OR SALE OF ANY SECURITY OF LUM'S INC. (NOW KNOWN AS CAESARS WORLD, INC.) IN VIOLATION OF SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 OR RULE 10B-5 THEREUNDER, AND TO IMPLEMENT AND SUPERVISE A WRITTEN POLICY RELATING TO THE RECEIPT AND USE OF MATERIAL INSIDE INFORMATION IN CONNECTION WITH SECURITIES TRANSACTIONS.

#### Disclosure 74 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	A REVIEW OF PENDING BRANCH OFFICE APPLICATIONS INDICATED THAT SECURITIES BUSINESS MAY HAVE BEEN CONDUCTED FROM CERTAIN BRANCH OFFICE LOCATIONS WITH PROPER NASD BRANCH REGISTRATION BUT WITHOUT BENEFIT OF PROPER REGISTRATION OF THOSE BRANCH OFFICES AS REQUIRED BY FLORIDA STATUTES.
<b>Initiated By:</b>	ST. OF FLORIDA, DEPT. BANK. & FIN., DIV. SEC. & INVEST. PROTECT.
<b>Date Initiated:</b>	04/12/1999
<b>Docket/Case Number:</b>	2811-5-4/99
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL AND ADMINISTRATIVE PENALTY(IES)/FINE(S)
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	09/08/1999
<b>Sanctions Ordered:</b>	Monetary/Fine \$50,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	APPLICANT PAID A \$43,000.00 ADMINISTRATIVE FINE, AND ALSO REIMBURSED THE DEPARTMENT \$7,000.00 FOR THE DEPARTMENT'S



COSTS IN THIS MATTER. ALL MONEY WAS PAID PRIOR TO 09/08/1999.

#### Firm Statement

APPLICANT WITHOUT ADMITTING OR DENYING LIABILITY, VOLUNTARILY SUSPENDED SALES ACTIVITIES BY CERTAIN FINANCIAL ADVISORS AT CERTAIN BRANCH OFFICE LOCATIONS PENDING DEPARTMENT APPROVAL OF THE BRANCH OFFICE REGISTRATION APPLICATIONS OF THOSE APPLICANT OFFICES. APPLICANT VOLUNTARILY IMPLEMENTED INTERNAL PROCEDURES TO ASSURE TIMELY REGISTRATION OF ALL BRANCH OFFICES WITH THE STATE OF FLORIDA.

#### Disclosure 75 of 78

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE MONTANA SECURITIES DEPARTMENT ALLEGED THAT APPLICANT EMPLOYED UNREGISTERED INVESTMENT ADVISER REPRESENTATIVES.
<b>Initiated By:</b>	STATE OF MONTANA, STATE AUDITOR'S OFFICE, SECURITIES DEPARTMENT
<b>Date Initiated:</b>	06/01/1998
<b>Docket/Case Number:</b>	106-04-98-006
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL AND ADMINISTRATIVE PENALTY(IES)/FINE(S)
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	04/29/1999
<b>Sanctions Ordered:</b>	Monetary/Fine \$22,450.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	APPLICANT PAID ADMINISTRATIVE AND INVESTIGATIVE COSTS OF \$12,500.00 AND REMITTED PAST DUE FEES OF \$9,950.00
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, APPLICANT, PURSUANT TO A CONSENT AGREEMENT, AGREED TO PAY ADMINISTRATIVE AND INVESTIGATIVE COSTS OF \$12,500.00 AND TO REMIT PAST DUE FEES OF \$9,950.00.



## Disclosure 76 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>THE FIRM ALLEGEDLY 1) EMPLOYED AN UNREGISTERED INVESTMENT ADVISER AGENT FROM 1992 TO 3/1999; 2) FAILED TO SUPERVISE VINCENT M. GIAQUINTO WHO, FROM APPROX. 12/1989 TO 2/1998, ATTEMPTED TO MISAPPROPRIATE CUSTOMER FUNDS EARMARKED FOR INVESTMENT IN MUTUAL FUNDS &amp; INSURANCE PRODUCTS BY CREATING FICTITIOUS CUSTOMER STATEMENTS; AND 3) FAILED TO OVERSEE THE ACTIVITIES OF 2 OTHER AGENTS WHO ENGAGED IN PRIVATE SECURITIES TRANSACTIONS INVOLVING NORTH AMERICAN BROADCASTING SECURITIES.</p>
<b>Initiated By:</b>	CT DEPT OF BANKING
<b>Date Initiated:</b>	06/30/1999
<b>Docket/Case Number:</b>	99-5118-S
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	06/30/1999
<b>Sanctions Ordered:</b>	Monetary/Fine \$15,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	<p>CONSENT ORDER ENTERED REQUIRING THAT THE FIRM PAY \$35,000 TO THE DEPT., \$15,000 OF WHICH CONSTITUTED A FINE, \$10,000 OF WHICH WOULD BE ALLOCATED TO THE DEPT'S INVESTOR EDUCATION FUND; AND \$10,000 OF WHICH WOULD REIMBURSE THE DEPT FOR INVESTIGATIVE COSTS. CONSENT ORDER ALSO REQUIRED THAT THE FIRM REFRAIN FROM VIOLATIVE CONDUCT; SUBMIT QUARTERLY REPORTS FOR 2 YEARS CONCERNING ANY COMPLAINTS, ACTIONS OR</p>



PROCEEDINGS  
INVOLVING CT RESIDENTS AND CONDUCT A REVIEW OF FIRM INTERNAL  
SUPERVISORY AND COMPLIANCE PROCEDURES.

### Regulator Statement

CONTACT: SID IGDALSKY, 860-240-8234

### Reporting Source:

Firm

### Current Status:

Final

### Allegations:

STATE OF CONNECTICUT ALLEGED THAT APPLICANT (1) VIOLATED SECTION 36B-31-6F(B) OF THE REGULATIONS OF CONNECTICUT STATE AGENCIES BY FAILING TO PROPERLY SUPERVISE ITS AGENTS, AND (2) VIOLATED 36B-6(C) OF THE CONNECTICUT UNIFORM SECURITIES ACT BY EMPLOYING AN UNREGISTERED INVESTMENT ADVISOR AGENT.

### Initiated By:

STATE OF CONNECTICUT, DEPARTMENT OF BANKING

### Date Initiated:

01/01/1998

### Docket/Case Number:

FILE NO. 99-5118-S

### Principal Product Type:

No Product

### Other Product Type(s):

### Principal Sanction(s)/Relief Sought:

Other

### Other Sanction(s)/Relief Sought:

CIVIL AND ADMINISTRATIVE PENALTY(IES)/FINE(S)

### Resolution:

Consent

### Resolution Date:

06/30/1999

### Sanctions Ordered:

Monetary/Fine \$15,000.00

### Other Sanctions Ordered:

(1) ADDITIONAL \$50,000 ADMINISTRATION FINE. (2) \$10,000 TO THE DEPARTMENT'S INVESTOR EDUCATOR FUND (3) \$10,000 FOR REIMBURSEMENT TO AGENCY FOR INVESTIGATIVE COSTS.

### Sanction Details:

TOTAL AMOUNT PAID TO THE STATE OF CONNECTICUT WAS \$85,000.00.

### Firm Statement

WITHOUT ADMITTING OR DENYING ALLEGATIONS, APPLICANT AGREED TO PAY A TOTAL OF \$85,000 TO THE STATE OF CONNECTICUT. FOR TWO YEARS FROM THE DATE OF ORDER, APPLICANT WAS REQUIRED TO PERIODICALLY SUBMIT A WRITTEN REPORT DESCRIBING SECURITIES-RELATED EVENTS INITIATED BY CONNECTICUT RESIDENTS AGAINST APPLICANT. THE FIRST REPORT WAS DUE 7/15/1999; FINAL REPORT IS DUE 7/15/2001. APPLICANT WAS ALSO REQUIRED TO REVIEW AND REPORT ON





THE REASONABLENESS OF ITS INTERNAL SUPERVISORY AND COMPLIANCE PROCEDURES FOR REGISTRATION OF ITS BROKER/DEALER AND INVESTMENT ADVISOR AGENTS, WHICH REPORT MUST INCLUDE A SUMMARY AND SCHEDULE OF CHANGES TO BE IMPLEMENTED.

#### Disclosure 77 of 78

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	IDS FINANCIAL SERVICES INC. ALLEGEDLY EMPLOYED AN UNREGISTERED INVESTMENT ADVISER AGENT.
<b>Initiated By:</b>	CT DEPT OF BANKING
<b>Date Initiated:</b>	01/14/1992
<b>Docket/Case Number:</b>	
<b>URL for Regulatory Action:</b>	
<b>Principal Product Type:</b>	
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	01/14/1992
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	PER STIPULATION AND AGREEMENT, THE FIRM AGREED TO REVIEW & MODIFY ITS SUPERVISORY PROCEDURES TO PREVENT & DETECT REGULATORY VIOLATIONS AND TO REIMBURSE THE DEPT \$500 FOR ITS INVESTIGATIVE COSTS
<b>Regulator Statement</b>	CONTACT: 860-240-8230

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final



**Allegations:** IDS FINANCIAL SERVICES INC. ALLEGEDLY EMPLOYED AN UNREGISTERED INVESTMENT ADVISER AGENT.

**Initiated By:** CONNECTICUT DEPARTMENT OF BANKING

**Date Initiated:** 01/14/1992

**Docket/Case Number:**

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Stipulation and Consent

**Resolution Date:** 01/14/1992

**Firm Statement** PER STIPULATION AND AGREEMENT, THE FIRM AGREED TO REVIEW AND MODIFY ITS SUPERVISORY PROCEDURES TO PREVENT AND DETECT REGULATORY VIOLATIONS AND TO REIMBURSE THE DEPARTMENT \$500.00 FOR ITS INVESTIGATIVE COSTS.

#### Disclosure 78 of 78

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** IDS FINANCIAL SERVICES VIOLATED RULES 303B, 303D.2 AND 303D.3 OF THE VIRGINIA SECURITIES ACT BETWEEN JULY 1986 AND SEPTEMBER 1988 WHEN IT FAILED TO EXERCISE DILIGENT SUPERVISION OVER CERTAIN OF ITS AGENTS ACTIVITIES AND FAILED TO ESTABLISH, MAINTAIN OR TO ENFORCE ADEQUATE WRITTEN PROCEDURES IN AREAS TO DETECT AND PREVENT IRREGULARITIES/ABUSES AND PERTAINING TO THE PROMPT REVIEW AND WRITTEN APPROVAL OF SECURITIES TRANSACTIONS BY AGENTS.

**Initiated By:** VIRGINIA - STATE CORPORATION COMMISSION  
DIVISION OF SECURITIES

**Date Initiated:** 10/08/1992

**Docket/Case Number:** SEC920094

**URL for Regulatory Action:**



**Principal Product Type:**

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Consent

**Resolution Date:** 10/08/1992

**Sanctions Ordered:** Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING ALLEGATIONS, IDS FINANCIAL SERVICES AGREED TO A FINE OF \$5,000; REIMBURSEMENT OF INVESTIGATION COSTS IN THE AMOUNT OF \$2,500 AND TO RETAIN A CERTIFIED PUBLIC ACCOUNTING FIRM TO REVIEW AND EVALUATE PROCEDURES AND CONTROLS FOUND TO BE INADEQUATE DURING THE PERIOD IN QUESTION.

**Regulator Statement** CONTACT HAZEL CHEATHAM, SENIOR EXAMINER, 804-371-2685.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEGED THAT APPLICANT (THEN KNOWN AS IDS FINANCIAL SERVICES INC.) A SUBSIDIARY OF AMERICAN EXPRESS FINANCIAL CORPORATION (THEN KNOWN AS IDS FINANCIAL CORPORATION) FAILED TO EXERCISE DILIGENT SUPERVISION OVER THE SECURITIES ACTIVITIES OF DORETHA YVONNE RIVERS AND KEITH EMERSON BOYER, FORMER REGISTERED REPRESENTATIVES OF APPLICANT, BETWEEN 07/28/1986-9/29/1988. ALSO, ALLEGED THAT APPLICANT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE WRITTEN PROCEDURES.

**Initiated By:** COMMONWEALTH OF VIRGINIA, STATE CORP, COMM., DIV. OF SECURITIES

**Date Initiated:** 10/01/1992

**Docket/Case Number:** SEC 920094

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief** Undertaking



**Sought:**

**Other Sanction(s)/Relief  
Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 08/17/1994

**Sanctions Ordered:** Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

**Sanction Details:** BASED ON THE ORDER, APPLICANT AGREED TO PAY \$7,500.00 AS A FINE AND COST OF INVESTIGATION. EXACT DATE OF PAYMENT IS UNKNOWN.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS MADE, APPLICANT CONSENTED TO AN ORDER ACCEPTING OFFER OF SETTLEMENT. BASED ON THE ORDER, IDS AGREED TO PAY \$7,500.00 AS A FINE AND COST OF INVESTIGATION; RETAIN AN OUTSIDE AUDITOR TO REVIEW CERTAIN HOME OFFICE PROCEDURES; IMPLEMENT THE RECOMMENDATIONS OF THE AUDITORS AND PROVIDE THE COMMISSION VARIOUS REPORTS.



## Civil - Final

This type of disclosure event involves (1) an injunction issued by a foreign or domestic court within the last 10 years in connection with investment-related activity, (2) a finding by a court of a violation of any investment-related statute or regulation, or (3) an action dismissed by a court pursuant to a settlement agreement.

### Disclosure 1 of 1

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ALLEGED INTENTIONAL INTERFERENCE WITH CONTRACTUAL RELATIONS, NEGLIGENT INTERFERENCE WITH CONTRACTUAL RELATIONS, INTENTIONAL INTERFERENCE WITH ECONOMIC RELATIONS, NEGLIGENT INTERFERENCE WITH ECONOMIC RELATIONS, CONVERSION, UNFAIR BUSINESS PRACTICES, MISAPPROPRIATION OF TRADE SECRETS, VIOLATION OF PENAL CODE 502, UNJUST ENRICHMENT.
<b>Initiated By:</b>	HANSON MCCLAIN, INC., DBA HANSON MCCLAIN ADVISORS
<b>Court Details:</b>	SUPERIOR COURT OF CALIFORNIA, SACRAMENTO COUNTY, CASE NO. 34-2014-00168490
<b>Date Court Action Filed:</b>	09/03/2014
<b>Principal Product Type:</b>	No Product
<b>Other Product Types:</b>	
<b>Relief Sought:</b>	Money Damages (Private/Civil Complaint)
<b>Other Relief Sought:</b>	INJUNCTION
<b>Resolution:</b>	Judgment Rendered
<b>Resolution Date:</b>	06/05/2017
<b>Sanctions Ordered or Relief Granted:</b>	Monetary/Fine \$1,500,000.00
<b>Other Sanctions:</b>	PERMANENT INJUNCTION
<b>Sanction Details:</b>	PERMANENT INJUNCTION REQUIRING DELETION OF HMI CONFIDENTIAL INFORMATION AND DERIVATIVE INFORMATION. \$1,500,000 WAS PAID TO HMI BY THE FIRM ON JUNE 22, 2017; COSTS AND INTEREST WERE PAID AT A LATER DATE.
<b>Firm Statement</b>	ALL RESPONDENTS WERE FOUND JOINT AND SEVERALLY LIABLE FOR DAMAGES IN THE AMOUNT OF \$1,500,000. THE COURT ISSUED A PERMANENT INJUNCTION REQUIRING DELETION OF HMI CONFIDENTIAL INFORMATION AND DERIVATIVE INFORMATION. \$1,500,000 WAS PAID TO HMI BY THE FIRM ON JUNE 22, 2017; COSTS AND INTEREST WERE PAID AT A LATER DATE.





## Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at [www.finra.org/awardsonline](http://www.finra.org/awardsonline).

### Disclosure 1 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-EXECUTIONS-OTHER; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	05/17/2000
<b>Case Number:</b>	<a href="#">00-01707</a>
<b>Disputed Product Type:</b>	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	\$25,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	03/14/2001
<b>Sum of All Relief Awarded:</b>	\$2,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

### Disclosure 2 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT RELATED-TRANSFER; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	09/25/2000
<b>Case Number:</b>	<a href="#">00-03704</a>
<b>Disputed Product Type:</b>	ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL



## FUNDS

**Sum of All Relief Requested:** \$8,788.77

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 03/12/2001

**Sum of All Relief Awarded:** \$7,024.32

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

## Disclosure 3 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 08/31/2000

**Case Number:** [00-03725](#)

**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$1,500,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 03/22/2002

**Sum of All Relief Awarded:** \$53,900.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

## Disclosure 4 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT

**Arbitration Forum:** NASD





**Case Initiated:** 10/16/2000  
**Case Number:** [00-04126](#)  
**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES  
**Sum of All Relief Requested:** \$2,526,700.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 11/28/2001  
**Sum of All Relief Awarded:** \$127,000.01

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 5 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-EXECUTIONS-FAILURE TO EXECUTE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED  
**Arbitration Forum:** NASD  
**Case Initiated:** 03/23/2001  
**Case Number:** [01-01224](#)  
**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES  
**Sum of All Relief Requested:** \$425,550.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 05/02/2002  
**Sum of All Relief Awarded:** \$326,460.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 6 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION



**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-EXECUTIONS-FAILURE TO EXECUTE

**Arbitration Forum:** NASD

**Case Initiated:** 04/06/2001

**Case Number:** [01-01521](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** \$3,250.55

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 02/13/2002

**Sum of All Relief Awarded:** \$2,276.33

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 7 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 06/21/2001

**Case Number:** [01-03192](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$250,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/19/2002

**Sum of All Relief Awarded:** \$75,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.



### Disclosure 8 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	08/06/2001
<b>Case Number:</b>	<a href="#">01-04045</a>
<b>Disputed Product Type:</b>	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS; OPTIONS
<b>Sum of All Relief Requested:</b>	\$981,963.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	08/22/2002
<b>Sum of All Relief Awarded:</b>	\$5,300.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

### Disclosure 9 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	02/26/2002
<b>Case Number:</b>	<a href="#">02-00966</a>
<b>Disputed Product Type:</b>	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$50,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	11/22/2002



**Sum of All Relief Awarded:** \$16,481.03

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 10 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 12/03/2002

**Case Number:** [02-06910](#)

**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; REAL ESTATE INVESTMENT TRUST

**Sum of All Relief Requested:** \$2,000,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 03/18/2004

**Sum of All Relief Awarded:** \$250,500.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 11 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY

**Arbitration Forum:** NASD

**Case Initiated:** 12/27/2002

**Case Number:** [02-07607](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS



**Sum of All Relief Requested:** \$215,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/18/2004

**Sum of All Relief Awarded:** \$75,300.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 12 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY

**Arbitration Forum:** NASD

**Case Initiated:** 04/22/2003

**Case Number:** [03-02664](#)

**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$2,000,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 03/30/2005

**Sum of All Relief Awarded:** \$175,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 13 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-TRANSFER

**Arbitration Forum:** NASD

**Case Initiated:** 04/17/2003



**Case Number:** [03-02758](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** \$1,021.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 09/12/2003

**Sum of All Relief Awarded:** \$275.48

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 14 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 05/19/2003

**Case Number:** [03-03537](#)

**Disputed Product Type:** COMMON STOCK; CORPORATE BONDS; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** \$260,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 05/03/2004

**Sum of All Relief Awarded:** \$45,379.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 15 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT;



## ACCOUNT RELATED-FAILURE TO SUPERVISE

**Arbitration Forum:** NASD

**Case Initiated:** 05/28/2003

**Case Number:** [03-03696](#)

**Disputed Product Type:** ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** \$110,800.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/30/2004

**Sum of All Relief Awarded:** \$24,000.01

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

## Disclosure 16 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 06/24/2003

**Case Number:** [03-04428](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** \$305,957.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 05/27/2005

**Sum of All Relief Awarded:** \$240,000.01

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

## Disclosure 17 of 98

**Reporting Source:** Regulator



**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 10/17/2003

**Case Number:** [03-07231](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$3,000,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 07/25/2005

**Sum of All Relief Awarded:** \$145,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 18 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 10/13/2003

**Case Number:** [03-07266](#)

**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$540,878.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 04/08/2005

**Sum of All Relief Awarded:** \$465,543.36

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.





### Disclosure 19 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	12/15/2003
<b>Case Number:</b>	<a href="#">03-08651</a>
<b>Disputed Product Type:</b>	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$10,706,560.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	04/19/2005
<b>Sum of All Relief Awarded:</b>	\$266,193.01

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

### Disclosure 20 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	12/15/2003
<b>Case Number:</b>	<a href="#">03-08740</a>
<b>Disputed Product Type:</b>	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
<b>Sum of All Relief Requested:</b>	\$1,600,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	11/30/2004



**Sum of All Relief Awarded:** \$192,016.55

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 21 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-FAILURE TO SUPERVISE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED

**Arbitration Forum:** NASD

**Case Initiated:** 01/23/2004

**Case Number:** [04-00369](#)

**Disputed Product Type:** ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$530,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 02/18/2005

**Sum of All Relief Awarded:** \$649,987.01

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 22 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 05/12/2004

**Case Number:** [04-03420](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES



**Sum of All Relief Requested:** \$898,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/27/2005

**Sum of All Relief Awarded:** \$435,000.01

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 23 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 09/08/2004

**Case Number:** [04-04413](#)

**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$1,767,383.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/04/2005

**Sum of All Relief Awarded:** \$975,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 24 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 07/27/2004



**Case Number:** [04-05287](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$600,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/20/2006

**Sum of All Relief Awarded:** \$245,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 25 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 10/14/2004

**Case Number:** [04-07190](#)

**Disputed Product Type:** ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** Unspecified Damages

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 09/21/2005

**Sum of All Relief Awarded:** \$193,792.90

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 26 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-



TRANSFER

**Arbitration Forum:** NASD

**Case Initiated:** 11/12/2004

**Case Number:** [04-07765](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** \$35,720.02

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 03/11/2005

**Sum of All Relief Awarded:** \$7,712.51

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 27 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; DO NOT USE-EXECUTIONS-FAILURE TO EXECUTE

**Arbitration Forum:** NASD

**Case Initiated:** 01/06/2005

**Case Number:** [05-00043](#)

**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** \$47,752.73

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 11/06/2006

**Sum of All Relief Awarded:** \$40,175.01

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 28 of 98

**Reporting Source:** Regulator



**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; DO NOT USE-NO OTHER CONTROVERSY INVOLVED

**Arbitration Forum:** NASD

**Case Initiated:** 03/17/2005

**Case Number:** [05-01376](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$358,208.08

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 05/12/2006

**Sum of All Relief Awarded:** \$210,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 29 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 05/12/2005

**Case Number:** [05-02462](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$121,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/15/2006

**Sum of All Relief Awarded:** \$25,000.00

There may be a non-monetary award associated with this arbitration.



Please select the Case Number above to view more detailed information.

#### Disclosure 30 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	06/16/2005
<b>Case Number:</b>	<a href="#">05-02973</a>
<b>Disputed Product Type:</b>	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$415,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	04/28/2006
<b>Sum of All Relief Awarded:</b>	\$40,500.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 31 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	09/29/2005
<b>Case Number:</b>	<a href="#">05-03008</a>
<b>Disputed Product Type:</b>	ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	\$460,187.00
<b>Disposition:</b>	AWARD AGAINST PARTY



**Disposition Date:** 05/18/2007

**Sum of All Relief Awarded:** \$34,934.01

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 32 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE

**Arbitration Forum:** NASD

**Case Initiated:** 07/06/2005

**Case Number:** [05-03378](#)

**Disputed Product Type:** ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** \$100,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 07/20/2006

**Sum of All Relief Awarded:** \$22,780.01

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 33 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 08/26/2005

**Case Number:** [05-04416](#)





**Disputed Product Type:** ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$4,000,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 05/05/2006

**Sum of All Relief Awarded:** \$1,138,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 34 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE

**Arbitration Forum:** NASD

**Case Initiated:** 12/13/2005

**Case Number:** [05-05696](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

**Sum of All Relief Requested:** \$252,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 08/29/2006

**Sum of All Relief Awarded:** \$38,500.02

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 35 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED

**Arbitration Forum:** NASD

**Case Initiated:** 01/10/2006



**Case Number:** [06-00093](#)

**Disputed Product Type:** ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$90,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 02/09/2007

**Sum of All Relief Awarded:** \$30,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 36 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 02/28/2006

**Case Number:** [06-00904](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES

**Sum of All Relief Requested:** \$45,582.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/21/2006

**Sum of All Relief Awarded:** \$47,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 37 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-NO



## OTHER CONTROVERSY INVOLVED

**Arbitration Forum:** NASD

**Case Initiated:** 05/31/2006

**Case Number:** [06-01728](#)

**Disputed Product Type:** ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** Unspecified Damages

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/06/2007

**Sum of All Relief Awarded:** \$385,250.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

## Disclosure 38 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 05/25/2006

**Case Number:** [06-02530](#)

**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$160,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/03/2008

**Sum of All Relief Awarded:** \$300.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

## Disclosure 39 of 98

**Reporting Source:** Regulator



**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE

**Arbitration Forum:** NASD

**Case Initiated:** 06/20/2006

**Case Number:** [06-02780](#)

**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE

**Sum of All Relief Requested:** \$203,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 07/10/2007

**Sum of All Relief Awarded:** \$35,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 40 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT

**Arbitration Forum:** NASD

**Case Initiated:** 01/16/2007

**Case Number:** [07-00115](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS; OPTIONS; OTHER TYPES OF SECURITIES

**Sum of All Relief Requested:** Unspecified Damages

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 04/03/2008

**Sum of All Relief Awarded:** \$108,366.36

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

**Disclosure 41 of 98**

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE

**Arbitration Forum:** NASD

**Case Initiated:** 01/30/2007

**Case Number:** [07-00117](#)

**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** Unspecified Damages

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 02/15/2008

**Sum of All Relief Awarded:** \$264,485.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

**Disclosure 42 of 98**

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** NASD

**Case Initiated:** 02/08/2007

**Case Number:** [07-00348](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** \$459,930.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/07/2008



**Sum of All Relief Awarded:** \$121,780.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 43 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT

**Arbitration Forum:** FINRA

**Case Initiated:** 04/28/2008

**Case Number:** [08-01254](#)

**Disputed Product Type:** ANNUITIES; COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** Unspecified Damages

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 02/26/2009

**Sum of All Relief Awarded:** \$92,263.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 44 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE

**Arbitration Forum:** FINRA

**Case Initiated:** 06/27/2008

**Case Number:** [08-01978](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES



**Sum of All Relief Requested:** Unspecified Damages  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 08/31/2009  
**Sum of All Relief Awarded:** \$67,750.00

There may be a non-monetary award associated with this arbitration.  
 Please select the Case Number above to view more detailed information.

#### Disclosure 45 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 09/29/2008  
**Case Number:** [08-03468](#)  
**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES  
**Sum of All Relief Requested:** \$6,000,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 10/22/2010  
**Sum of All Relief Awarded:** \$563,903.94

There may be a non-monetary award associated with this arbitration.  
 Please select the Case Number above to view more detailed information.

#### Disclosure 46 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** FINRA



**Case Initiated:** 12/01/2008  
**Case Number:** [08-04425](#)  
**Disputed Product Type:** ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE  
**Sum of All Relief Requested:** \$1,000,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 05/14/2010  
**Sum of All Relief Awarded:** \$466,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 47 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT  
**Arbitration Forum:** FINRA  
**Case Initiated:** 02/11/2009  
**Case Number:** [09-00634](#)  
**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES  
**Sum of All Relief Requested:** \$58,800.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 04/14/2010  
**Sum of All Relief Awarded:** \$58,800.03

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 48 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-





MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS;  
ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT;  
ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-  
NEGLIGENCE

**Arbitration Forum:** FINRA  
**Case Initiated:** 07/14/2009  
**Case Number:** [09-03961](#)  
**Disputed Product Type:** OTHER TYPES OF SECURITIES  
**Sum of All Relief Requested:** \$1,025,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 05/25/2011  
**Sum of All Relief Awarded:** \$501,200.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 49 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-  
CHURNING; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-  
UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT;  
ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 07/10/2009  
**Case Number:** [09-04037](#)  
**Disputed Product Type:** MUTUAL FUNDS  
**Sum of All Relief Requested:** \$182,925.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 03/08/2011  
**Sum of All Relief Awarded:** \$30,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

**Disclosure 50 of 98**

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-SUITABILITY
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	08/31/2009
<b>Case Number:</b>	<a href="#">09-04688</a>
<b>Disputed Product Type:</b>	PREFERRED STOCK
<b>Sum of All Relief Requested:</b>	\$25,893.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	02/11/2010
<b>Sum of All Relief Awarded:</b>	\$10,425.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

**Disclosure 51 of 98**

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED- NEGLIGENCE; DO NOT USE-EXECUTIONS-FAILURE TO EXECUTE; DO NOT USE-OTHER-OTHER
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	09/08/2009
<b>Case Number:</b>	<a href="#">09-04808</a>
<b>Disputed Product Type:</b>	COMMON STOCK; MUTUAL FUNDS
<b>Sum of All Relief Requested:</b>	\$26,475.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	05/04/2010
<b>Sum of All Relief Awarded:</b>	\$26,475.00



There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 52 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-MARGIN CALLS

**Arbitration Forum:** FINRA

**Case Initiated:** 10/08/2009

**Case Number:** [09-05316](#)

**Disputed Product Type:** COMMON STOCK; VARIABLE ANNUITIES

**Sum of All Relief Requested:** \$500,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 04/17/2013

**Sum of All Relief Awarded:** \$82,656.01

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 53 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER

**Arbitration Forum:** FINRA

**Case Initiated:** 10/08/2009

**Case Number:** [09-05686](#)

**Disputed Product Type:** COMMON STOCK

**Sum of All Relief Requested:** \$23,777.96

**Disposition:** AWARD AGAINST PARTY



**Disposition Date:** 05/24/2010

**Sum of All Relief Awarded:** \$7,855.61

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 54 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 04/21/2010

**Case Number:** [10-01367](#)

**Disputed Product Type:** COMMON STOCK

**Sum of All Relief Requested:** \$25,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 11/02/2010

**Sum of All Relief Awarded:** \$5,212.50

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 55 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** TRADING DISPUTES-SELL OUTS

**Arbitration Forum:** FINRA

**Case Initiated:** 12/09/2010

**Case Number:** [10-05162](#)

**Disputed Product Type:** EXCHANGE-TRADED FUNDS

**Sum of All Relief Requested:** \$10,590.00



**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 05/23/2011

**Sum of All Relief Awarded:** \$10,590.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 56 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER;  
ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE  
TO SUPERVISE

**Arbitration Forum:** FINRA

**Case Initiated:** 03/17/2011

**Case Number:** [11-00984](#)

**Disputed Product Type:**

**Sum of All Relief Requested:** \$200,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 04/17/2012

**Sum of All Relief Awarded:** \$10,300.04

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 57 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-  
MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT  
RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO  
SUPERVISE

**Arbitration Forum:** FINRA

**Case Initiated:** 07/20/2011



**Case Number:** [11-02507](#)  
**Disputed Product Type:** REAL ESTATE INVESTMENT TRUST  
**Sum of All Relief Requested:** \$75,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 10/29/2012  
**Sum of All Relief Awarded:** \$37,500.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 58 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 08/26/2011  
**Case Number:** [11-03230](#)  
**Disputed Product Type:** COMMON STOCK  
**Sum of All Relief Requested:** \$98,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 11/21/2012  
**Sum of All Relief Awarded:** \$107,379.01

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 59 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS;



ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-OTHER-OTHER

**Arbitration Forum:** FINRA

**Case Initiated:** 01/06/2012

**Case Number:** [11-04766](#)

**Disputed Product Type:** OTHER TYPES OF SECURITIES

**Sum of All Relief Requested:** \$3,000,001.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 08/29/2013

**Sum of All Relief Awarded:** \$111,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 60 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; DO NOT USE-OTHER-OTHER

**Arbitration Forum:** FINRA

**Case Initiated:** 02/21/2012

**Case Number:** [12-00363](#)

**Disputed Product Type:** OTHER TYPES OF SECURITIES

**Sum of All Relief Requested:** \$1,034,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 05/01/2014

**Sum of All Relief Awarded:** \$1,165,882.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.



## Disclosure 61 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-EXCHANGES; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	03/12/2012
<b>Case Number:</b>	<a href="#">12-00812</a>
<b>Disputed Product Type:</b>	ANNUITIES; MUTUAL FUNDS; VARIABLE ANNUITIES
<b>Sum of All Relief Requested:</b>	\$3,300,076.35
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	09/30/2013
<b>Sum of All Relief Awarded:</b>	\$10,600.04

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

## Disclosure 62 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	07/16/2012
<b>Case Number:</b>	<a href="#">12-02507</a>
<b>Disputed Product Type:</b>	REAL ESTATE INVESTMENT TRUST; VARIABLE ANNUITIES





**Sum of All Relief Requested:** \$1,980,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/21/2013

**Sum of All Relief Awarded:** \$775,824.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 63 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 08/20/2012

**Case Number:** [12-02957](#)

**Disputed Product Type:**

**Sum of All Relief Requested:** \$15,178.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/24/2013

**Sum of All Relief Awarded:** \$11,656.97

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 64 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 10/04/2012



**Case Number:** [12-03469](#)

**Disputed Product Type:**

**Sum of All Relief Requested:** \$47,157.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 11/07/2013

**Sum of All Relief Awarded:** \$600.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 65 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 10/18/2012

**Case Number:** [12-03595](#)

**Disputed Product Type:** MUTUAL FUNDS

**Sum of All Relief Requested:** \$23,462.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 04/09/2013

**Sum of All Relief Awarded:** \$19,879.01

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 66 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT



ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER

**Arbitration Forum:** FINRA

**Case Initiated:** 01/07/2013

**Case Number:** [13-00015](#)

**Disputed Product Type:** MUTUAL FUNDS; REAL ESTATE INVESTMENT TRUST

**Sum of All Relief Requested:** \$50,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 09/10/2013

**Sum of All Relief Awarded:** \$2,830.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 67 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-OTHER; DO NOT USE-EXECUTIONS-OTHER; DO NOT USE-OTHER-OTHER

**Arbitration Forum:** FINRA

**Case Initiated:** 02/01/2013

**Case Number:** [13-00290](#)

**Disputed Product Type:**

**Sum of All Relief Requested:** \$50,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 08/21/2013

**Sum of All Relief Awarded:** \$18,480.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

**Disclosure 68 of 98**

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; DO NOT USE-OTHER-OTHER

**Arbitration Forum:** FINRA

**Case Initiated:** 03/21/2013

**Case Number:** [13-00829](#)

**Disputed Product Type:**

**Sum of All Relief Requested:** \$42,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 08/29/2013

**Sum of All Relief Awarded:** \$25,518.06

There may be a non-monetary award associated with this arbitration.  
[Please select the Case Number above to view more detailed information.](#)

**Disclosure 69 of 98**

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; DO NOT USE-OTHER-OTHER

**Arbitration Forum:** FINRA

**Case Initiated:** 04/08/2013

**Case Number:** [13-00982](#)

**Disputed Product Type:**

**Sum of All Relief Requested:** \$50,000.00

**Disposition:** AWARD AGAINST PARTY



**Disposition Date:** 01/14/2014

**Sum of All Relief Awarded:** \$11,408.29

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 70 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT

**Arbitration Forum:** FINRA

**Case Initiated:** 05/17/2013

**Case Number:** [13-01087](#)

**Disputed Product Type:** ANNUITIES

**Sum of All Relief Requested:** \$189,485.70

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/12/2014

**Sum of All Relief Awarded:** \$127,739.16

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 71 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 07/11/2013

**Case Number:** [13-01740](#)



**Disputed Product Type:** REAL ESTATE INVESTMENT TRUST

**Sum of All Relief Requested:** \$25,000.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 08/20/2014

**Sum of All Relief Awarded:** \$15,425.01

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 72 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY

**Arbitration Forum:** FINRA

**Case Initiated:** 08/07/2013

**Case Number:** [13-02263](#)

**Disputed Product Type:** COMMON STOCK

**Sum of All Relief Requested:** \$42,844.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 03/19/2014

**Sum of All Relief Awarded:** \$43,444.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 73 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE



**Arbitration Forum:** FINRA  
**Case Initiated:** 09/23/2013  
**Case Number:** [13-02736](#)  
**Disputed Product Type:** VARIABLE ANNUITIES  
**Sum of All Relief Requested:** \$190,600.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 03/12/2014  
**Sum of All Relief Awarded:** \$32,526.39

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 74 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 10/21/2013  
**Case Number:** [13-02937](#)  
**Disputed Product Type:** COMMON STOCK; MUTUAL FUNDS  
**Sum of All Relief Requested:** \$33,546.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 08/05/2014  
**Sum of All Relief Awarded:** \$18,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 75 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION



**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 05/05/2014

**Case Number:** [14-00975](#)

**Disputed Product Type:** COMMON STOCK

**Sum of All Relief Requested:** \$937.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 05/19/2015

**Sum of All Relief Awarded:** \$937.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 76 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 04/29/2014

**Case Number:** [14-01299](#)

**Disputed Product Type:** COMMON STOCK; OTHER TYPES OF SECURITIES; PREFERRED STOCK

**Sum of All Relief Requested:** \$988,395.34

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/20/2017

**Sum of All Relief Awarded:** \$200,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.





### Disclosure 77 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	07/18/2014
<b>Case Number:</b>	<a href="#">14-02133</a>
<b>Disputed Product Type:</b>	COMMON STOCK; MUTUAL FUNDS; REAL ESTATE INVESTMENT TRUST; VARIABLE ANNUITIES
<b>Sum of All Relief Requested:</b>	\$200,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	08/04/2015
<b>Sum of All Relief Awarded:</b>	\$43,998.75

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

### Disclosure 78 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-FAILURE TO SUPERVISE
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	12/10/2014
<b>Case Number:</b>	<a href="#">14-03531</a>
<b>Disputed Product Type:</b>	
<b>Sum of All Relief Requested:</b>	\$2,500,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY



**Disposition Date:** 01/19/2016  
**Sum of All Relief Awarded:** \$2,036,890.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 79 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 02/19/2015  
**Case Number:** [15-00363](#)  
**Disputed Product Type:** REAL ESTATE INVESTMENT TRUST  
**Sum of All Relief Requested:** \$40,333.81  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 07/31/2015  
**Sum of All Relief Awarded:** \$31,756.99

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 80 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** DO NOT USE-EXECUTIONS-FAILURE TO EXECUTE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 02/26/2016  
**Case Number:** [16-00252](#)  
**Disputed Product Type:**  
**Sum of All Relief Requested:** \$16,862.31



**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 09/23/2016

**Sum of All Relief Awarded:** \$3,395.51

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 81 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER;  
ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO  
SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-  
OTHER

**Arbitration Forum:** FINRA

**Case Initiated:** 05/13/2016

**Case Number:** [16-01261](#)

**Disputed Product Type:** UNIT INVESTMENT TRUST

**Sum of All Relief Requested:** \$195,044.41

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/27/2017

**Sum of All Relief Awarded:** \$191,772.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 82 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-  
OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-  
BREACH OF CONTRACT

**Arbitration Forum:** FINRA

**Case Initiated:** 06/09/2016



**Case Number:** [16-01613](#)

**Disputed Product Type:** OTHER TYPES OF SECURITIES

**Sum of All Relief Requested:** \$440,158.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/22/2017

**Sum of All Relief Awarded:** \$440,158.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 83 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-FRAUD; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE

**Arbitration Forum:** FINRA

**Case Initiated:** 02/02/2017

**Case Number:** [17-00254](#)

**Disputed Product Type:** REAL ESTATE INVESTMENT TRUST

**Sum of All Relief Requested:** \$258,000.01

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 02/22/2019

**Sum of All Relief Awarded:** \$12,800.02

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 84 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-



MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; EMPLOYMENT-COMMISSIONS

**Arbitration Forum:** FINRA

**Case Initiated:** 04/07/2017

**Case Number:** [17-00873](#)

**Disputed Product Type:** COMMON STOCK

**Sum of All Relief Requested:** \$22,425.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/11/2017

**Sum of All Relief Awarded:** \$22,212.50

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 85 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 12/01/2017

**Case Number:** [17-03203](#)

**Disputed Product Type:** LIMITED PARTNERSHIPS

**Sum of All Relief Requested:** \$33,402.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 05/02/2018

**Sum of All Relief Awarded:** \$48,600.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.



### Disclosure 86 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	12/06/2017
<b>Case Number:</b>	<a href="#">17-03206</a>
<b>Disputed Product Type:</b>	LIMITED PARTNERSHIPS
<b>Sum of All Relief Requested:</b>	\$46,006.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	05/29/2018
<b>Sum of All Relief Awarded:</b>	\$40,600.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

### Disclosure 87 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	02/21/2018
<b>Case Number:</b>	<a href="#">18-00663</a>
<b>Disputed Product Type:</b>	COMMON STOCK; EXCHANGE-TRADED FUNDS; MUTUAL FUNDS
<b>Sum of All Relief Requested:</b>	\$15,321.32



**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/23/2018

**Sum of All Relief Awarded:** \$15,533.82

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 88 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-OTHER

**Arbitration Forum:** FINRA

**Case Initiated:** 07/18/2019

**Case Number:** [19-01994](#)

**Disputed Product Type:** 401(K); VARIABLE ANNUITIES

**Sum of All Relief Requested:** Unspecified Damages

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/11/2019

**Sum of All Relief Awarded:** \$450.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 89 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-NEGLIGENCE

**Arbitration Forum:** FINRA

**Case Initiated:** 09/04/2019



**Case Number:** [19-02636](#)

**Disputed Product Type:** COMMON STOCK; MUTUAL FUNDS

**Sum of All Relief Requested:** \$6,250.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 01/13/2020

**Sum of All Relief Awarded:** \$6,575.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 90 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-SUITABILITY; DO NOT USE-NO OTHER CONTROVERSY INVOLVED

**Arbitration Forum:** NASD

**Case Initiated:** 09/10/1990

**Case Number:** [90-02050](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** \$53,197.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 07/22/1991

**Sum of All Relief Awarded:** \$5,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 91 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; UNKNOWN TYPE OF CONTROVERSIES

**Arbitration Forum:** NASD





**Case Initiated:** 10/15/1990  
**Case Number:** [90-02141](#)  
**Disputed Product Type:** CORPORATE BONDS; UNKNOWN TYPE OF SECURITIES  
**Sum of All Relief Requested:** \$45,657.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 07/31/1991  
**Sum of All Relief Awarded:** \$1,262.97

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 92 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** NASD  
**Case Initiated:** 11/20/1990  
**Case Number:** [90-02923](#)  
**Disputed Product Type:** CORPORATE BONDS; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE  
**Sum of All Relief Requested:** \$60,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 06/13/1991  
**Sum of All Relief Awarded:** \$18,600.88

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 93 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-ERRORS-CHARGES; DO NOT USE-NO OTHER CONTROVERSY INVOLVED



**Arbitration Forum:** NASD  
**Case Initiated:** 04/20/1994  
**Case Number:** [94-00714](#)  
**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE  
**Sum of All Relief Requested:** \$33,140.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 03/27/1995  
**Sum of All Relief Awarded:** \$34,083.00

There may be a non-monetary award associated with this arbitration.  
 Please select the Case Number above to view more detailed information.

#### Disclosure 94 of 98

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** NASD  
**Case Initiated:** 08/04/1995  
**Case Number:** [95-03492](#)  
**Disputed Product Type:** ANNUITIES; COMMON STOCK; LIMITED PARTNERSHIPS; OTHER TYPES OF SECURITIES  
**Sum of All Relief Requested:** \$243,200.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 05/30/1996  
**Sum of All Relief Awarded:** \$35,700.00

There may be a non-monetary award associated with this arbitration.  
 Please select the Case Number above to view more detailed information.

#### Disclosure 95 of 98

**Reporting Source:** Regulator



**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE

**Arbitration Forum:** NASD

**Case Initiated:** 08/09/1995

**Case Number:** [95-03776](#)

**Disputed Product Type:** DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS; MUTUAL FUNDS

**Sum of All Relief Requested:** \$100,001.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 04/24/1996

**Sum of All Relief Awarded:** \$8,000.00

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

#### Disclosure 96 of 98

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-TRANSFER; DO NOT USE-NO OTHER CONTROVERSY INVOLVED; TRADING DISPUTES-TRANSFERS

**Arbitration Forum:** NASD

**Case Initiated:** 12/15/1998

**Case Number:** [98-00574](#)

**Disputed Product Type:** COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

**Sum of All Relief Requested:** \$6,700.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/01/1999

**Sum of All Relief Awarded:** \$1,159.44

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.



### Disclosure 97 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT RELATED-OTHER; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	04/06/1999
<b>Case Number:</b>	<a href="#">99-00755</a>
<b>Disputed Product Type:</b>	COMMON STOCK; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
<b>Sum of All Relief Requested:</b>	\$22,500.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	11/30/1999
<b>Sum of All Relief Awarded:</b>	\$3,507.75

There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

### Disclosure 98 of 98

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; DO NOT USE-NO OTHER CONTROVERSY INVOLVED
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	11/09/1999
<b>Case Number:</b>	<a href="#">99-03748</a>
<b>Disputed Product Type:</b>	DO NOT USE-NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
<b>Sum of All Relief Requested:</b>	\$8,958.68
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	09/07/2000
<b>Sum of All Relief Awarded:</b>	\$4,783.68



There may be a non-monetary award associated with this arbitration.  
Please select the Case Number above to view more detailed information.

## End of Report



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