

COMPLIANCE-INSIGHTS.COM**FINES and SANCTIONS**

last updated: 01/07/2007

	<u>Date Reported</u>	<u>Regulator</u>	<u>Code</u>	<u>Firm/Indiv Name</u>	<u>Description</u>	<u>Fine or Sanction</u>
1	09/29/05	NYSE	Trading	Lehman Brothers	Failed to supervise and have adequate controls over trades relating to facilitation contracts for purchase of stock at prices derived from closing price and their disruptive influence on the market.	\$500,000
2	10/03/05	NASD	Mutual Funds	First Allied Securities	Permitted improper mutual fund market timing transactions.	\$735,000
3	10/03/05	NASD	Mutual Funds	ING Funds Distributor	Permitted improper mutual fund market timing transactions.	\$2,900,000
4	10/03/05	NASD	Mutual Funds	Janney Montgomery Scott	Permitted improper mutual fund market timing transactions.	\$2,200,000
5	10/10/05	NASD	Mutual Funds	IFC Holdings, Commonwealth Financial Network, & 6 others	Received directed brokerage in return for providing preferential treatment to certain mutual fund companies.	\$7,750,000
6	10/17/05	NYSE	Financial and Operations	Charles Schwab & Co.	Failed to adequately control disbursements of customer assets from firm accounts managed by non-employee investment advisors; did not maintain electronic communications.	\$1,000,000
7	10/18/05	NASD, SEC	Equity Trading	Instinet, INET ATS	Published inaccurate reports on order execution quality, backed away from firm's posted quotes, and other reporting violations.	\$1,475,000
8	10/26/05	NASD	Retail Sales	Ameriprise Financial Services	Failed to adequately supervise for suitability on 529 Plan sales.	\$1,250,000
9	10/31/05	NASD	Fixed Income	SG Americas Securities, RBC Capital Markets, RBC Dain Rauscher, DebtTraders	Charged excessive markups or markdowns in bond trades.	\$6,750,000
10	11/09/05	NYSE	Retail Sales	David A. Noyes & Co.	Sold unsuitable variable annuities contracts, failed to adequately supervise activities of producing Branch Office Manager.	\$550,000
11	11/22/05	NASD	Fixed Income	State Street Global Markets	Failed to report corporate bond trades to TRACE and municipal bond trades to MSRB.	\$1,400,000
12	11/28/05	SEC	Mutual Funds	Federated Investment Mgmt, Federated Securities	Allowed undisclosed mutual fund market timing and late trading by favored clients and an employee.	\$72,000,000
13	12/01/05	NASD	MSRB	Commerce Capital Markets	Allowed municipal finance professionals (MFPs) to make contributions a state official, then participated in negotiated underwritings; failed to report contributions to MSRB.	\$600,000
14	12/01/05	NASD	Registrations	Pruco Securities	Failed to file amendments to Forms U4 and U5 in a timely manner and filed Forms U5 late.	\$550,000

COMPLIANCE-INSIGHTS.COM**FINES and SANCTIONS**

last updated: 01/07/2007

	<u>Date Reported</u>	<u>Regulator</u>	<u>Code</u>	<u>Firm/Indiv Name</u>	<u>Description</u>	<u>Fine or Sanction</u>
15	12/01/05	SEC	Mutual Funds	Millennium Partners	Hedge funds and advisors used deceptive practices to engage in mutual fund market timing.	\$180,000,000
16	12/01/05	SEC, NASD	Mutual Funds	Ameriprise Financial Services	Allowed favored investors to market-time funds it advised; steered investors to "preferred" mutual funds without disclosing that it received compensation from the funds ("revenue sharing" payments).	\$57,300,000
17	12/19/05	NASD	Mutual Funds	Merrill Lynch, Wells Fargo, Linsco/Private Ledger	Committed suitability violations relating to sales of Class B and Class C mutual fund shares	\$19,400,000
18	12/20/05	U.S. Fed. Reserve, & Treasury	AML	ABN Amro Holding	Bank transacted money transfers in violation of money-laundering laws and sanctions against Iran and Libya. Many of violations were uncovered by internal investigations.	\$80,000,000
19	12/22/05	SEC	Mutual Funds	Veras Capital Master Fund, VEY Partners Master Fund, Veras Investment Partners	Hedge funds and advisors used deceptive practices to engage in mutual fund market timing.	\$36,200,000
20	12/29/05	NYSE	AML	Oppenheimer& Co.	Failed to have adequate AML compliance procedures; allowed foreign customers to engage in large wire transfers and intra-Firm journal transfers; failed to file SAR's; etc.	\$2,800,000
21	12/29/05	NYSE	Financial and Operations	Oppenheimer& Co. (Fahnestock)	Failed to supervise and control various business activities resulting in net capital, operational, recordkeeping and control problems.	\$1,350,000
22	01/11/06	SEC	Mutual Funds	Daniel Calugar, of Securities Brokerage	Engaged in market timing or abuse short-term trading in mutual funds.	\$153,000,000
23	01/13/06	NYSE, States of NJ, CT	Mutual Funds	UBS Financial Services	Failed to catch deceptive market timing mutual fund trades in several branch offices.	\$54,000,000
24	01/30/06	NYSE, AMEX	Financial and Operations	Caylon Securities (USA), Merrill Lynch, Neuberger Berman, NF Clearing, UBS Securities, Wachovia Capital Markets, 14 other firms	Submitted inaccurate electronic blue sheets containing trading information requested by NYSE and other regulators. (Blue sheets are documents generated by firms in connection with investigations of questionable trading.)	\$5,850,000
25	02/08/06	NASD	Research	Sanford Bernstein & Co. and firm's analyst	Allowed research analyst to sell own shares and shares held in a discretionary account, while having favorable ratings on these companies.	\$550,000

COMPLIANCE-INSIGHTS.COM**FINES and SANCTIONS**

last updated: 01/07/2007

	<u>Date Reported</u>	<u>Regulator</u>	<u>Code</u>	<u>Firm/Indiv Name</u>	<u>Description</u>	<u>Fine or Sanction</u>
26	02/10/06	NYSE	Investment Banking	Bear Stearns	Touted a stock during IPO road show; trade report and short sale violations related to index arbitrage trading.	\$1,500,000
27	02/14/06	NASD	Mutual Funds	Diversified Investors Securities	Facilitated impermissible market timing by institutional and other customers in a mutual fund.	\$2,250,000
28	03/14/06	SEC	Investment Banking	Langley Partners, North Olmsted Partners, Quantico Partners	Hedge funds perpetuated illegal trading scheme to evade federal registration requirements in connection with 23 unregistered securities offerings, commonly referred to as "Pipes" (Private Investment in Public Entity), and engaged in insider trading.	\$15,800,000
29	03/15/06	NASD	Retail Sales	Merrill Lynch	Failed to adequately supervise call center, which gave rise to impermissible sales contests, unsuitable mutual fund switches and other systemic failures.	\$5,000,000
30	03/17/06	SEC, NYSE	Mutual Funds	Bear Stearns	Followed a pattern of deceptive market timing and late trading in mutual funds.	\$250,000,000
31	03/21/06	NASD	Investment Banking	Boston Capital Securities	Conducted public offerings in limited partner investments without obtaining necessary NASD clearance.	\$1,200,000
32	04/05/06	NASD	Mutual Funds	American General Securities	Received directed brokerage in return for providing preferential treatment to certain mutual fund companies.	\$1,100,000
33	04/21/06	Class Action Suit	Investment Banking	J.P. Morgan Chase	Settled class action suit that contended dozens of investment banks cheated investors in connection with IPO's during the 1990's market boom. There are 54 other firms named in suit.	\$425,000,000
34	05/11/06	SEC, NYSE, NASD	Books and Records	Morgan Stanley	Failed to produce tens of thousands of emails during conflict of interest probes.	\$15,000,000
35	05/18/06	NASD Arbitration Panel	Suitability	Brokerage America	Sold inappropriate variable annuities and mutual fund B-share investments.	\$22,000,000
36	05/31/06	SEC	Fixed Income	Citigroup, Goldman Sachs and 13 other firms	Manipulated auctions of municipal and corporate bonds.	\$13,000,000
37	06/01/06	SEC	Regulatory Governance	Philadelphia Stock Exchange	Failed to enforce certain trading and order handling rule violations by its specialists from 4/99 through 1/02	\$500,000

COMPLIANCE-INSIGHTS.COM**FINES and SANCTIONS**

last updated: 01/07/2007

	<u>Date Reported</u>	<u>Regulator</u>	<u>Code</u>	<u>Firm/Indiv Name</u>	<u>Description</u>	<u>Fine or Sanction</u>
38	06/07/06	NYSE	Books and Records	Prudential Securities	Failed to supervise electronic communications.	\$850,000
39	06/13/06	NYSE	Reorg Operations	Goldman Sachs, Credit Suisse, UBS Securities	Violated proxy solicitation and voting rules.	\$1,350,000
40	06/27/06	SEC	Inside Info	Morgan Stanley	For years, failed to maintain and enforce adequate written policies and procedures to prevent misuse of material nonpublic info, failed to review employee accounts.	\$10,000,000
41	06/30/06	NASD	Trading	Trillium Trading, Schonfeld, 8 Traders	Entered improper crossed quotes during the Nasdaq's Modified Opening Process	\$490,000
42	07/06/06	NASAA	Research	Wachovia Corporation	Failed to prevent conflicts of interest between its research and investment banking businesses; settlement came more than 3 years after Citigroup, CSFB and 8 others agreed to pay \$1.4 Billion.	\$25,000,000
43	07/10/06	NYSE	Stock Loan	Van der Moolen	Inappropriately arranged stock loans through 3rd parties "who performed no legitimate business function."	\$3,500,000
44	07/12/06	NYSE	Books + Records	Fleet Securities	Failed to preserve e-communications.	\$350,000
45	07/17/06	NASD	Research	Citigroup, Credit Suisse, Morgan Stanley	Failed to make proper research analyst disclosures, then ignored NASD warnings cease these violations.	\$775,000
46	07/24/06	NYSE	Trading	Daiwa Securities America, Goldman Sachs Exec & Clearing, Citigroup Global Markets, Credit Suisse Securities (USA)	Violated SEC rule on short sales, including: Daiwa's prop desk sold short without obtaining locates; Goldman Sachs failed to ascertain that orders were properly marked "long, short, short exempt"; Citigroup inaccurately accounted for "failures to deliver" in threshold securities; Credit Suisse failed to obtain locates for certain short sales by clients provided direct market access and algorithmic trading exec services.	\$1,250,000
47	07/24/06	US Fed'l Court	Disclosure	Van der Moolen	Settled class action suit which claimed price of its ADRs was artificially inflated because VDM failed to disclose certain alleged illegal trading activity that firm settled with NYSE and SEC.	\$8,000,000
48	07/25/06	SEC, NYS AG	Mutual Funds	Waddell & Reed Financial	Allowed market timing in the firm's mutual funds	\$77,000,000

COMPLIANCE-INSIGHTS.COM**FINES and SANCTIONS**

last updated: 01/07/2007

	<u>Date Reported</u>	<u>Regulator</u>	<u>Code</u>	<u>Firm/Indiv Name</u>	<u>Description</u>	<u>Fine or Sanction</u>
49	07/25/06	US Fed'l Court	Research	Paul E. Johnson, formerly with Robertson Stephens	Deceived investors with bullish stock research during Internet bubble on stocks he was selling, and failed to disclose personal stakes in companies he urged investors buy.	\$2,000,000
50	08/03/06	NASD	Trading	BRUT, LLC	Published inaccurate reports on order execution quality, backed away from posted quotes and other quote violations, didn't retain emails, failed to comply with trade-thru and locked/crossed markets rules.	\$2,200,000
51	08/03/06	SEC	Retail Sales	American-Amicable Life Insurance Company of Texas and Affiliates	Targeted American military personnel with deceptive sales program that provided misleading investment claims.	\$10,000,000
52	08/07/06	NYSE	Retail Sales	A.G. Edwards & Sons	Overcharged customers by keeping them in non-managed fee-based accounts rather than in traditional commission-based accounts, which were more suited to their trading activity. Also, failed to supervise BOM who made unsuitable customer trades.	\$900,000
53	08/09/06	NASD	Mutual Funds	4 Brokerage Affiliates of ING America Insurance Holdings	Received directed brokerage in return for providing preferential treatment to certain mutual fund companies.	\$7,000,000
54	08/10/06	NASD	Mutual Funds	Citigroup Global Markets	More than 100 of its brokers obtained improper waivers of mutual fund sales charges (CDSC on Class B shares) by falsely claiming that their customers were disabled.	\$1,115,000
55	08/28/06	DOJ, SEC, NASD, NYSE, et al	Mutual Funds	Prudential Securities	Engaged in market timing or abuse short-term trading in mutual funds.	\$600,000,000
56	08/30/06	NASD	Mutual Funds	American Funds Distributors	Violated NASD's Anti-Reciprocal Rule by directing brokerage commissions to securities firms that were top sellers of American Funds mutual funds from 2001 through 2003	\$5,000,000
57	08/31/06	Class Action Suit	Mutual Funds	Edward D. Jones & Co.	Settled 9 class action suits for having failed to tell investors that some mutual funds paid to have their portfolios promoted.	\$127,500,000
58	09/05/06	NASD	Equity Trading	Morgan Stanley	Committed extensive trading and trade reporting violations from 1999 to 2006	\$2,900,000

COMPLIANCE-INSIGHTS.COM**FINES and SANCTIONS**

last updated: 01/07/2007

	<u>Date Reported</u>	<u>Regulator</u>	<u>Code</u>	<u>Firm/Indiv Name</u>	<u>Description</u>	<u>Fine or Sanction</u>
59	09/11/06	SEC	Mutual Funds	Dreyfus, Gartmore M/F Capital Trust, Kensington Investment Grp, Numeric Investors, Putnam Investment Mgmt	Overcharged mutual fund investors for performance-based fees, from 4/97 through 12/04.	\$7,400,000
60	09/14/06	NASD	Retail Sales	Securities America	Failed to adequately supervise broker who perpetrated investment scheme aimed at retirees.	\$16,300,000
61	09/14/06	NYSE	Commodity Trading	Citigroup	Failed to supervise precious metals trader who, between 1/02 through 1/03. traded in excess of her authorized limits.	\$500,000
62	09/14/06	CFTC	Futures	Mercury Partners and Affiliates	Enticed customers to send firm money by making material misrepresentations regarding profit potential and risk associated with trading foreign currency (forex) contracts	\$2,500,000
63	09/14/06	US Fed'l Court	Futures	National Investment Consultants, Pacific Best Group	Misrepresented in solicitations to investors and self-traders the profitability and risk of loss involved in foreign currency futures trading and the experience of account execs.	\$2,180,000
64	09/19/06	NASD	Mutual Funds	MetLife Securities, New England Securities, Walnut Street Securities	Provided inaccurate, misleading information in late trading inquiry; failed to produce emails in timely manner.	\$5,000,000
65	09/21/06	US Fed'l Court	Futures	Axess Trading Co	Engaged in offer and sale of illegal off-exchange foreign currency (forex) futures contracts to retail customers and by misrepresenting its regulatory status to prospective customers.	\$569,000
66	09/26/06	SEC	Mutual Funds	BISYS Fund Services	Entered into undisclosed side agreements with fund advisors, which enabled advisors to improperly use investors' fund assets to pay for marketing expenses, rather than paying for those expenses out of own assets.	\$21,400,000
67	09/28/06	NYC DA	AML	Bank of America (Bank)	Allowed funds, received from Brazil via licensed money transmitter in Uruguay, to reach unlicensed money transfer firms in US	\$7,500,000
68	09/29/06	SEC	Mutual Funds	Scudder Funds distributor, managers (Deutsche Bank affiliates)	Failed to disclose that they steered stock trades to brokerage firms in order to lower their marketing costs	\$19,300,000

COMPLIANCE-INSIGHTS.COM**FINES and SANCTIONS**

last updated: 01/07/2007

	<u>Date Reported</u>	<u>Regulator</u>	<u>Code</u>	<u>Firm/Indiv Name</u>	<u>Description</u>	<u>Fine or Sanction</u>
69	10/04/06	NASD	Muni Bonds	Oppenheimer and Co.	Failed to respond to regulatory requests, failed to report (or report timely and accurately) thousands of muni trades, failed to retain business-related internal email.	\$800,000
70	10/06/06	US Fed'l Court	Commodity Options	Worldwide Commodity Corp, South Coast Commodities, Associated Persons	Misrepresented facts and omitted pertinent info when soliciting customers to trade commodity options, claiming guaranteed short-term profits with little risk by trading on well-known world events.	\$14,700,000
71	10/16/06	NASD	Variable Annuities	CCO Investment Services	Failed to establish, maintain, enforce reasonably designed supervisory system and WSPs on VA products, including suitability reviews, telemarketing compliance, internal inspections, review of written correspondence, registration of offices.	\$850,000
72	10/18/06	NYS AG	Retail Sales	Morgan Stanley	Settled with NYS attorney for failing to supervise broker who bilked 15 clients.	\$1,040,000
73	10/18/06	US Fed'l Court	Retail Sales	Heyman International	Defrauded 250 investors in a Ponzi scheme through unregistered offer and sale of securities Mr. Heyman called "Depository Agreements" that would earn minimum monthly returns of 10%.	\$5,200,000
74	10/25/06	NASD	Variable Annuities	Paul Saunders, Hedge Fund Manager	Established a hedge fund specifically to engage in market timing , then executed approximately 1,000 transactions (in mutual fund sub-accounts) in violation of insurance company policies and imposed restrictions.	\$2,250,000
75	11/06/06	NASD	529 Plans	Chase Investment Services, MetLife Securities	Failed to establish systems and procedures to supervise the sales of 529 College Savings Plans	\$1,660,000
76	11/08/06	NYSE	NYSE Reporting	Morgan Stanley	Submitted inaccurate short-interest reporting of NYSE-listed securities	\$500,000
77	11/08/06	SEC	Mutual Funds	Hartford Financial Services Group	Misrepresented and failed to disclose to fund shareholders and funds' Board of Directors of directed brokerage arrangements	\$55,000,000
78	11/08/06	CFTC	Commodity Options	G7 Advisory Services	Fraudulently solicited retail customers to invest in options on foreign exchange (forex)	\$3,850,000

COMPLIANCE-INSIGHTS.COM**FINES and SANCTIONS**

last updated: 01/07/2007

	<u>Date Reported</u>	<u>Regulator</u>	<u>Code</u>	<u>Firm/Indiv Name</u>	<u>Description</u>	<u>Fine or Sanction</u>
79	11/21/06	State Ct - MO	Insurance	Morgan Stanley	Settled accusations of breaching fiduciary duty by encouraging insurer General American to continue selling an investment product that Morgan Stanley knew could put insurer at risk of a liquidity crisis.	\$95,000,000
80	11/21/06	EEOC	Employment	JP Morgan Chase	Failed to properly guarantee group of employees a return to jobs after their return from L-T disability.	\$2,200,000
81	12/05/06	SEC, NASD	Gifts	Jefferies Group	Gave \$2 million worth of gifts and T&E to Fidelity traders.	\$9,700,000
82	12/13/06	NASD	Mutual Funds	Edward Jones, Morgan Stanley, RBC Dain Rauscher, Royal Alliance	Overcharged thousands of clients who qualified, but did not receive, benefits of NAV transfer programs.	\$43,800,000
83	12/18/06	NASD	Supervision	USAllianz Securities	Failed to establish and maintain reasonable supervisory system for its RR's and branch offices.	\$5,000,000
84	12/20/06	SEC	Inside Info, Invest Bank'g	Friedman, Billings, Ramsey	Engaged in insider trading by selling short shares of CompuDyne, then covered short position with shares purchased in PIPE offering.	\$7,700,000
85	12/12/06	CFTC	Forex Options	Harrington Advisory Services et al	Defrauded prospective and actual customers with misrepresentations and omissions, and misappropriated funds.	\$19,000,000
86	12/12/06	CFTC	Forex	New York Capital Assets	Defrauded customers and misappropriation funds re: trading of off-exchange forex contracts.	\$25,000,000
87	12/12/06	CFTC	Forex	Harrington Advisory Services et al	Defrauded prospective and actual customers with misrepresentations and omissions, and misappropriated funds.	\$12,000,000
88	12/21/06	SEC	Mutual Funds	RIA Affiliates of Deutsche Bank	Engaged in short-term/excessive trading and market timing of mutual funds.	\$17,200,000
89	12/20/06	Cmnwealth of MA	Annuities	Investors Capital Corp	Improperly steered elderly customers to unsuitable equity-indexed annuity investments.	\$500,000 + restitution
90	12/29/06	NYS AG	Contingent Commissions	Insurance unit of MetLife	Paid undisclosed contingent commissions to its brokers to steer clients toward their policies.	\$19,000,000
91	12/29/06	NASD	Mutual Funds	Evergreen Investments, a Wachovia company	Engaged in undisclosed revenue-sharing arrangement with affiliated broker, Wachovia Securities, and sponsored sales contests in violation of NASD rules.	\$4,200,000

