

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

DOCUMENT CONTROL

AT RICHMOND, JULY 3, 2008

2008 JUL -3 A 10: 43

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2007-00083

AMERIPRISE FINANCIAL SERVICES, INC.,

Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that during the period January 1, 2001, through March 31, 2002, Ameriprise Financial Services, Inc. ("Defendant"): (1) violated § 13.1-503 A (2) of the Virginia Securities Act ("Act"), § 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 § 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 federal covered advisor or any of his employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations. Without waiving potential jurisdictional defenses that may be available to federally-covered advisors, the Defendant admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia the amount of seven hundred fifty thousand dollars (\$750,000) in monetary penalties.

(2) The Defendant will pay to the Commission the amount of thirty thousand dollars (\$30,000) to defray the cost of investigation.

(3) The Defendant will 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). This amount will be paid to the Virginia client within thirty (30) days from the date of receipt of the demand, or

(b) The Defendant will offer a payout of five hundred dollars (\$500) 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. The payment will occur within thirty (30) days of the filing of the required supporting information.

(c) The Defendant will include with the monetary offer a copy of this Settlement Order.

(4) The Defendant agrees that it will comply with the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendant fully comply with the aforesaid terms and undertakings of this settlement;

(3) The Defendant pay to the Treasurer of the Commonwealth of Virginia the amount of seven hundred fifty thousand dollars (\$750,000) in monetary penalties;

(4) The Defendant pay to the Commission the amount of thirty thousand dollars (\$30,000) to defray the cost of investigation; and

(5) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
John S. Barr, Esquire, McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219-4030; and the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

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Defendant

ADMISSION AND CONSENT

The Defendant, Ameriprise Financial Services, Inc., without waiving potential jurisdiction defenses that may be available to federally-covered advisors, admits the jurisdiction of the State Corporation Commission ("Commission"), neither admits nor denies the allegations made herein by the Division of Securities and Retail Franchising, and hereby consents to the form, substance and entry of the foregoing Settlement Order.

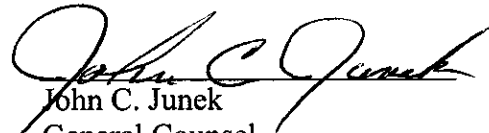
The Defendant further states that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Settlement Order.

Ameriprise Financial Services, Inc.

Date:

6/18/08

By:


John C. Juneck
General Counsel

Seen and Approved By:



John Barr, Esquire
McGuire Woods LLP