

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION**

IN THE MATTER OF:)	
)	ORDER TO CEASE AND DESIST
AMERIPRISE FINANCIAL, INC.,)	
AMERIPRISE FINANCIAL SERVICES, INC.)	
& LARRY POST)	INV06-003
)	
RESPONDENTS)	

NOTICE OF ORDER

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:26-a.

LEGAL AUTHORITY AND JURISDICTION

Pursuant to RSA 421-B:23, the Secretary of State has the authority to issue and cause to be served an order requiring any person appearing to him to be engaged or about to be engaged in any act or practice constituting a violation of RSA 421-B or any rule or order thereunder, to cease and desist from violations of RSA 421-B.

Pursuant to RSA 421-B:24, I, any person who willfully violates a cease and desist order issued pursuant to RSA 421-B:23 shall be guilty of a class B felony.

Pursuant to Section 203A of the Investment Advisers Act of 1940, the Secretary of State has the authority to conduct investigations and bring enforcement actions with respect to fraud or deceit against an investment adviser or person associated with an investment adviser.

Pursuant to RSA 421-B:10, I(a) and RSA 421-B:10, I(b)(2), the Secretary of State has the authority to deny, suspend, or revoke any license or application if he finds that it is in the public interest and that the broker-dealer has willfully violated or failed to comply with any

provisions of RSA 421-B, or the Securities Act of 1933, the Securities Exchange Act of 1934, or any rule under any of such statutes.

Pursuant to RSA 421-B:10, VI, 421-B:26,III and 421-B:26,III(a), the Secretary of State may, upon hearing and in lieu of, or in addition to any order to suspend or revoke any license, assess an administrative fine up to \$2,500.00 for each violation of the New Hampshire Securities Act.

Pursuant to RSA 421-B:26,VI, the Secretary of State may order any person who violates RSA 421-B:3, 421-B:4, and 421-B:23, upon hearing, and in addition to any other penalty provided for by law, to make a written offer to the purchaser to repurchase a security.

Pursuant to RSA 421-B:26, V, the Secretary of State may, in addition to any other penalty provided by RSA 421-B, upon notice and hearing, enter an order of rescission, restitution, or disgorgement directed to a person who has violated RSA 421-B.

NOTICE OF RIGHT TO REQUEST A HEARING

The above named respondent has the right to request a hearing on this order to cease and desist, as well as the right to be represented by counsel. Any such request for a hearing shall be in writing, shall be signed by the respondent, or by the duly authorized agent of the above named respondent, and shall be delivered either by hand or certified mail, return receipt requested, to the Bureau of Securities Regulation, Department of State, 25 Capitol Street, Concord, New Hampshire 03301.

Under the provisions of RSA 421-B:23, I, if respondent fails to request a hearing relative to this order within 30 calendar days of receipt of this order, respondent shall be deemed in default, and this order shall, on the thirty-first day, become permanent.

Upon request for a hearing being received by the Bureau of Securities Regulation (hereinafter referred to as the "Bureau"), in the manner and form indicated above, a hearing shall be held not later than ten days after such request is received by the Bureau, after which and within 20 days of the date of the hearing the secretary of state shall issue a further order vacating the cease and desist order or making it permanent as the facts require.

STATEMENT OF ALLEGATIONS

The allegations contained in the Staff Petition for Relief dated October 22, 2007 (a copy of which is attached hereto) are incorporated by reference hereto.

ORDER

WHEREAS, finding it necessary and appropriate and in the public interest, and for the protection of investors and consistent with the intent and purposes of the New Hampshire securities laws, and

WHEREAS, finding that the allegations contained in the Staff Petition for Relief, if proved true and correct, form the legal basis of the relief requested,

THEREFORE, it is hereby **ORDERED**, that:

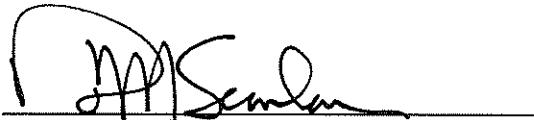
1. The Respondents shall immediately cease and desist from further violations of RSA 421-B.
2. The Respondent s shall show cause why its New Hampshire broker-dealer license and investment advisor notice filing authority should not be denied, suspended or revoked.
3. The Respondents shall pay an administrative fine of \$10,000,000 (ten million dollars) for violation of the New Hampshire Securities Act.

4. The Respondents shall disgorge itself of all fees and commissions paid during the relevant time period and period of heightened supervision as described in the Staff Petition for Relief.
5. The Respondents shall pay the Bureau or all costs associated with its investigation.

Failure on the part of the Respondents to request a hearing within 30 days of the date of receipt of this Order shall result in a default judgment being rendered, including imposition of fines and penalties upon the defaulting Respondents.

SIGNED,

WILLIAM M. GARDNER
SECRETARY OF STATE
BY HIS DESIGNEE:

A handwritten signature in black ink, appearing to read "D. Scanlan", written over a horizontal line.

DAVID SCANLAN
DEPUTY SECRETARY OF STATE

Date: 10/22/07

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION
CONCORD, NEW HAMPSHIRE**

STAFF PETITION FOR RELIEF
IN THE MATTER OF:

AMERIPRISE FINANCIAL, INC.
AMERIPRISE FINANCIAL SERVICES, INC.
&
LARRY POST

INV06-003

RESPONDENT

Preliminary Statement

In May 2006, the Bureau of Securities Regulation (“Bureau”) began to receive information from ex-employees of Ameriprise Financial Services, Inc. (“Ameriprise”) concerning various allegations of wrong doing of Ameriprise, formally known as American Express Financial Advisors, Inc. Much of the information centered on Larry Post, the Group Vice President for Ameriprise market group 222, which includes New Hampshire. The information also centered on the delivery of financial plans to customers of Ameriprise. This information came at a time when Ameriprise market group 222 was under a period of Heightened Supervision as a result of a previous enforcement action filed by the Bureau in February 2005. As a result of this prior enforcement action Ameriprise agreed to report back to the Bureau in writing, “any issues which arose and/or

were addressed during the period [of heightened supervision].” While the Bureau was investigating issues raised by ex-employees, the Bureau was also receiving various reports of written findings from Ameriprise. The reports failed to disclose what the Bureau had learned during its investigation: There was wide spread forgery in the market group and significant misconduct in the plan delivery process. This subsequent enforcement action targets Ameriprise’s failure to properly report to the Bureau, failure to supervise, dishonest and unethical conduct, and fraud and breach of duty in the financial plan delivery process.

Background

During the period September 19th, 2005 to September 19th, 2006, Ameriprise Financial Services, Inc. market group 222, was under heightened supervision by the New Hampshire Bureau of Securities Regulation as a result of a July 2005 settlement agreement with the Bureau that resolved allegations that Ameriprise’s predecessor unlawfully encouraged the sale of proprietary mutual funds through the use of pre-determined model portfolios while representing to customers that the portfolios were recommended through objective, individually tailored investment advice. The settlement agreement required Ameriprise, among other things, to select and retain a consultant, Willkie Farr & Gallagher, LLP (“Consultant”) to evaluate and monitor Ameriprise’s compliance with the agreement, and file a written report with the Bureau upon the expiration of the heightened supervisory period that detailed “the special supervisory procedures implemented during the period . . . and any issues which arose and/or were

addressed during the period.” The settlement agreement also ordered Ameriprise to cease and desist from further securities violations.

While under heightened supervision, Ameriprise failed to properly report to the Bureau widespread occurrences of advisors and management forging the signatures of customers and employees of Ameriprise and other instances of employees failing to retain and [in some cases] destroying and adulterating required client documentation. Ameriprise also failed to deliver previously purchased financial plans even though those plans are a core component of the advisory services offered to its customers. These violations were fostered by a failure to properly supervise advisors; in addition, there existed a culture where compliance officers were ignored, and bullied when their opinions conflicted with those of management, including Larry Post, the Ameriprise executive who oversaw the business group that contained New Hampshire. As an investment adviser, Ameriprise is a fiduciary and as such has the duty to act in the best interest of the clients. Ameriprise owed its clients the duties of honesty, fair dealing, and to act in an ethical manner. Ameriprise’s conduct was a breach of that duty.

Ameriprise was aware that in its Portsmouth branch office investment advisors, management, and other employees i) forged signatures, including those of clients and other Ameriprise employees on client documents; ii) considered forgeries to be common practice, and part of the office culture; and iii) failed to retain, destroyed or adulterated client documents. Ameriprise also became aware that investment advisers did not retain documents, in some instances, specifically because those documents had been forged or were suspected forgeries. Ameriprise failed to report these issues to the Consultant and to the Bureau in a summary report concerning the outcomes of the heightened supervisory

period and later communications. Further, despite repeated requests by the Bureau to enumerate the number of forgeries that occurred in New Hampshire, Ameriprise failed to satisfactorily explain the scope of the forgery problem and the document retention issue.

In addition, Ameriprise employees, at the direction of management, failed to deliver, or confirm delivery, of hundreds of financial plans even though customers had paid for the plans. Ameriprise referred to this practice as "closing out" financial plans. Ameriprise managers encouraged employees to "close out" financial plans in order to prevent automatic reversal of undelivered financial plans and the payment of corresponding customer refunds. Due to the intense sales pressure placed on advisors by Post and Ameriprise, advisors engaged in sham plan sales transactions with each other and sold plans to themselves to make it look like their sales numbers were higher. Post, in particular, after becoming aware of the problems with plan deliveries, intimidated employees who suggested remedying the problems and pressured subordinates to continue to "close out" outstanding financial plans. Further, during the heightened supervisory period and in subsequent communications, Ameriprise failed to disclose the full extent of these issues to the consultant or the Bureau (the consultant did note, however, that 494 financial plans were "missing" from Ameriprise's records).

STATEMENT OF FACTS

I. The Bureau of Securities Regulation, Department of State, State of New Hampshire (hereinafter referred to as “the Bureau”), hereby petitions the Director, and makes the following statements of fact:

1. Ameriprise Financial Services, Inc. (“AFSI”), is a broker-dealer and investment adviser firm with an address on record with the Bureau of 50606 AXP Financial Center, Minneapolis, Minnesota. AFSI’s parent company is Ameriprise Financial, Inc. (“AFI”) AFSI’s CRD and IARD number is 6363. AFSI is engaged in the business of buying and selling securities for the accounts of others and rendering investment advice for compensation. AFSI is a federally covered investment adviser since 1986 that has noticed filed with the State of New Hampshire. AFSI has been a licensed broker-dealer in New Hampshire since July 1st, 1986. AFSI is a wholly owned subsidiary of AFI, which is incorporated in the State of Delaware, and its principal executive offices are located at World Financial Center, 200 Vesey Street, New York, New York. AFSI’s predecessor firm was American Express Financial Advisors, Inc. (“AEFA”). AFI’s predecessor company was American Express Financial Corporation. On August 1st, 2005, AEFA was spun off from American Express Corporation and it changed its name to AFSI.

2. In February of 2005, the Bureau took enforcement action against AEFA. The enforcement action resulted in a settlement agreement (“Agreement”) in July 2005. The focus of the Bureau’s enforcement action addressed several allegations of fraud. The Bureau alleged that as a result of the sales driven culture of AEFA, advisors were incentivized to conduct business in ways that were illegal and not in the best interest of the investors. The Bureau alleged that payment and promotion of advisors was based on illegal and undisclosed sales incentives which resulted in the sale of proprietary securities products to investors through the use of generic financial plans which were written to recommend and promote the purchase of proprietary securities products. AEFA marketing material touted the planning process as a way for investors to reach their financial goals through investment planning specially tailored to meet their individual financial objectives and needs. In reality, what the Bureau discovered was that the financial planning process was in many instances merely a marketing tool to push and promote AEFA securities products that paid special and undisclosed incentives to AEFA and its advisors.

3. In the 2005 Agreement, AFSI was ordered to hire a Consultant approved by the Bureau to determine the number of financial plans that were tainted by the fraud and illegal sales practices. The Consultant was to determine which plan holders were entitled to restitution back to January 1, 1999 (“the relevant time period”). AFSI was also ordered to place the market group that includes New Hampshire under heightened supervision for a one year period because the Bureau uncovered unlawful sales practice and questionable training methods that lead to the fraud.

4. AFSI maintains approximately 30 branch offices in the State of New Hampshire. Branch offices are supervised by a Field Vice President (“FVP”) who is in turn supervised by a Group Vice President (“GVP”). The GVP for the market group that includes New Hampshire is Larry Post (“Post”). Post’s CRD number is 1078946. Post has been a licensed broker agent in New Hampshire since March 28th, 2001. The market group is number 222, and it consists of New Hampshire, Maine, and the eastern part of Massachusetts. Post has been the GVP for market group 222 from January 2002 to the present. The heightened supervision of the market group was to be conducted separate and apart from the function of Post since Post was in charge of the market group when the previous securities violations took place. The market group’s primary New Hampshire branch offices were located in Bedford and Portsmouth, New Hampshire. The primary branches were headed by a Field Vice President (“FVP”) who reported to Post. Primary branch offices contained P1 advisors who were direct hires of AFSI. The market group also had P2 advisors who were independent contractors of AFSI and not located in the primary branch offices.

5. In November 2005, the Consultant was hired to undertake the internal review and financial plan assessment. Further, AFSI placed the market group and Post on heightened supervision starting on September 19, 2005 for a period of one year. The period of heightened supervision for Post was extended by six additional months by AFSI when AFSI determined that Post continued to fall short of company expectations. Post was warned by AFSI during the period of heightened supervision that his job performance was not acceptable. In December of 2006, the Consultant reported to the Bureau that from January 1999 to February 2005, 6092 plans were sold by AFSI agents. Of that number, 494 plans were, “missing”. The Consultant recommended that the investors associated with those missing plans be paid restitution. On December 19th, 2006, AFSI reported back to the Bureau with its written findings regarding the period of heightened supervision.

6. The Consultant’s report did not explain the reasons for the missing plans, and there was no explanation as to why the 494 investors would be entitled to restitution. In fact, what the Bureau learned from its own investigation was that many of the so called “missing” plans were never delivered to the customer because they were closed out on AFSI’s system without authority by AFSI managers who wanted to keep sales numbers up and avoid plan reversals. **Exhibit 1, e-mails dated**

8/28/2003. Upon information and belief, the Bedford, New Hampshire FVP, Thomas Meade, instructed the Bedford administrative assistant to conduct blanket closings of plans when deliverables had not been produced in order to keep the data entry system from automatically reversing the plan sales. Also, AFSI failed to report to the Bureau that many of the sales advisors in the market group were engaging in forgery in an effort to complete necessary plan paperwork. In addition, Ameriprise also became aware that some advisors did not retain documents, in some instances, specifically because those documents had been forged or were suspected forgeries. The Bureau discovered that fraud and deception permeated the plan delivery process. **See Exhibit 2, e-mail dated 8/4/2005.** The Consultant did not undertake to determine all the reasons behind the plan sales discrepancies. The Consultant was not told about the forgeries in New Hampshire. Instead, AFSI again undertook to withhold that information from the Bureau.

7. The Bureau conducted its own investigation to answer the questions surrounding the missing plans. Through its investigation, the Bureau learned that during the relevant time period, and during the period of heightened supervision, AFSI advisors were incentivized and pressured to sell plans. Consequently, advisors sold plans to themselves, to each other, and family members to make plan sales numbers. Recruits for advisor positions were required to farm for plan sales customers even before they were licensed and trained. Post required recruits, prior to being hired, to get “15 pre-sold plans from all” candidates. **See Exhibit 3.** Applicants were told to “focus on those relationships” in the agent’s natural market, those being friends and relatives. When the applicant was hired the agent was to make appointments with these people at times prior to being licensed. If the agent wasn’t able to follow through with “a minimum of 5 plans in their first two or three weeks...they are on their first action plan.” An action plan is a written warning that the agent is subject to termination if certain sales levels are not achieved or corrective actions are not undertaken. These pre-employment plan sales and discussions were conducted by advisors that were unlicensed and it was against company policy. Further, numerous New Hampshire AFSI advisors forged documents some to give the appearance of plan deliveries that never took place. PI advisors who were not authorized entered plans into the AFSI database as closed and delivered when they were not. Advisors would say to each other, “take a ten minute trip to Kennebunkport” as an inference when a client’s signature was needed on a document. Advisors received payment from the company and from the investors for plans that were never produced. Advisors were constantly pressured to increase plan sales numbers to maintain their employment, to gain promotion, and to win quarterly contests promoted by Post. This illegal conduct was a direct result of a sales culture that was more concerned with numbers than with securities law compliance. Further, AFSI supervisors in New Hampshire branch offices were aware of and participated in fraud and compliance failures in the plan delivery process. AFSI has to the present day failed to quantify the number of forgeries in the market group which calls into question the validity of each and every plan.

8. During the relevant time period and during the period of heightened supervision, Post was responsible for compliance with securities regulations within his market group. During the relevant time period, and during the period of heightened supervision, compliance personnel reported audit findings and spot check results to Post and to AFSI compliance personnel in Minneapolis. **See Exhibit 4 letter from employee warning AFSI that Post's conduct would harm the market group as early as 2002.** The Bureau has uncovered that Post and AFSI were made aware of the compliance failures with respect to the plan deliveries and forgeries as early as 2005 and did not inform the Bureau. Further, Post's response to the plan delivery problems was to ignore them, to leave them unaddressed, and to threaten and intimidate those that would try to uncover and correct the problems. To cover-up this conduct, upon information and belief, compliance personnel were disciplined and told by Post not to investigate these matters. Post instructed compliance personnel not to put communications about plan delivery problems in e-mails. Post reversed company policy and ordered that his mail to not be opened. Post reversed company policy and ordered that incomplete documentation be processed as if it were completed. **See Exhibit 5 e-mail of 5/9/2002.**
9. Post was directly responsible for other misconduct that was not reported by AFSI to the Bureau: 1.) In a Coach Compensation Program wherein advisors were mentored by coaches, Post allowed unapproved payments to coaches as incentive, payment approval forms were forged, and coaches documented fictitious customers. 2.) Post would hold company meetings at a bar that he indirectly owned in Boston and sell his employees drinks. 3.) Post alerted personnel to internal investigations, and he continued the use of model portfolios after the Bureau's enforcement action over that conduct.
10. The Bureau uncovered specific instances of conduct that are indicative of a failure to properly supervise. AFSI document retention systems were severely flawed in that they were incapable of retaining required information including the plan documents. Plain and simple, AFSI did not properly track and account for information. Client files were missing required documentation, and advisors destroyed required documents. AFSI engaged in "snap shot" e-mail retention, a method of document retention that is prohibited by rules of the Securities and Exchange Commission. Many of the agents in the Portsmouth, New Hampshire branch office engaged in forging documentation to complete client files and to make it look like their sales numbers were higher. Some plans were delivered in draft form, and were incomplete.
11. AFSI has violated the Bureau's Agreement and order to cease and desist. Further, AFSI was required to report to the Bureau, "any issues which arose and/or were addressed during this period" of heightened supervision. In its December 19th, 2006, report to the Bureau of its internal findings, AFSI failed to report that AFSI advisors were forging documents and that the plan delivery system was corrupted by advisor

and manager misconduct. Document production received from Ameriprise in 2007 confirmed these reporting failures. This is a material failure to disclose necessary and critical information.

STATEMENT OF LAW

II. The Bureau hereby petitions the Director and makes the following statements of law under the New Hampshire Revised Statutes Annotated, RSA 421-B, and regulations thereunder (hereinafter referred to as the Act):

The staff of the Bureau alleges the following issues of law:

1. AFSI is a "Person" within the meaning of RSA 421-B:2.
2. AFSI is a "Broker-dealer" within the meaning of RSA 421-B:2, III.
3. AFSI is an "investment adviser" within the meaning of RSA 421-B:2, IX.
4. Pursuant to RSA 421-B:3, it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly: to employ any device, scheme, or artifice to defraud; to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; or to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading. AFSI and AFI are in violation of this section by selling financial plans that were not actually delivered, and by engaging in forged transactions.
5. Pursuant to RSA 421-B:4, I, it is unlawful for any person who receives any consideration from another person primarily for advising the other person as to the value of securities or their purchase or sale whether through the issuance of analyses or reports or otherwise: (a) To employ any device, scheme, or artifice to defraud another person; or (b) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the other person. AFSI and AFI are in violation of this section by selling financial plans that were not actually delivered, and by engaging in forged transactions.
6. Pursuant to RSA 421-B:4, V a person who is an investment adviser or investment adviser agent is a fiduciary and has a duty to act primarily for the benefit of the person's clients. While the extent and nature of this duty varies according to the nature of the relationship between an investment adviser and the clients and the circumstances of each case, an investment adviser or investment adviser agent shall not engage in unethical business practices which constitute violations of paragraph I, including the following: (t) Engaging in any act, practice, or course of

business which is fraudulent, deceptive, or manipulative in contravention of section 206(4) of the Investment Advisers Act of 1940, notwithstanding the fact that such investment adviser is not registered or required to be registered under section 203 of the Investment Advisers Act of 1940. AFSI and AFI are in violation of this section by selling financial plans that were not actually delivered, and by engaging in forged transactions.

7. Pursuant to RSA 421-B:8, X, persons licensed under RSA 421-B to conduct securities business shall abide by the rules of the Securities and Exchange Commission, National Association of Securities Dealers ("NASD"), national and regional stock exchanges, and other self-regulating organizations that have jurisdiction over the licensee, which set forth standards of conduct in the securities industry. AFSI, AFI and Post are subject to this section for failing to properly and adequately supervise AFSI advisors.
8. RSA 421-B:10, I(a) and (b)(2) allows the secretary of state to deny, suspend, or revoke any license or application if he finds that it is in the public interest and that the broker-dealer or investment adviser has willfully violated or failed to comply with any provision of RSA 421-B, or the Securities Act of 1933, the Securities Exchange Act of 1934, or any rule under any of such statutes. AFSI, AFI and Post are subject to this provision for violating and failing to abide by NASD rules regarding supervision.
9. RSA 421-B:10, I(a) and (b)(7) allows the secretary of state to deny, suspend, or revoke any license or application if he finds that it is in the public interest and that the broker-dealer or investment adviser has engaged in dishonest or unethical practices in the securities business. AFSI, AFI and Post are subject to this provision by selling financial plans that were not actually delivered, by engaging in forged transactions, by deliberately failing to retain client documentation, and by engaging in sham plan sales transactions.
10. RSA 421-B:10, I(a) and (b)(13) allows the secretary of state to deny, suspend, or revoke any license or application if any material misrepresentation has been made to the secretary of state, or upon request reasonably made by the secretary of state, has withheld or concealed information from, or refused to furnish information to, the secretary of state. AFSI and AFI are in violation of this section by failing to reveal to the Bureau that rampant forgery was taking place in the market group, and that employees were engaging in the unauthorized closing of plans.
11. RSA 421-B:10, I(a) and (b)(14) allows the secretary of state to deny, suspend, or revoke any license or application of a broker-dealer or investment adviser if he finds that it is in the public interest and that there is other good cause shown. AFSI, AFI and Post are subject to this provision.

12. RSA 421-B:10, III, provides that the secretary of state may issue an order requiring the persons to whom any license has been granted to show cause why the license should not be revoked. AFSI, AFI and Post are subject to this provision.
13. RSA 421-B:10, VI provides that the secretary of state, may upon hearing, assess an administrative fine of not more than \$2,500 per violation, in lieu of or in addition to, an order to revoke or suspend any license or application. AFSI, AFI and Post are subject to an administrative fine under this section.
14. Pursuant to RSA 421-B:23, whenever it appears to the secretary of state that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule under this chapter, he shall have the power to issue and cause to be served upon such person an order requiring the person to cease and desist from violations of this chapter. AFSI, AFI and Post are subject to this section.
15. Pursuant to RSA 421-B:26, II, any person who negligently violates any order of the secretary of state may, upon hearing, except where another penalty is expressly provided, be subject to such suspension, revocation, or denial of any registration or license, or administrative fine not to exceed \$1,500 for each violation in lieu of or in addition to such suspension or revocation as may be applicable under this title for violation of the provision to which such rule or order relates. AFSI, AFI and Post are subject to this section for violating the Bureau's order to cease and desist, and for failing to report forgery and unauthorized plan closings to the Bureau.
16. Pursuant to RSA 421-B:26, III, any person who, either knowingly or negligently, violates any provisions of this chapter may, upon hearing, and in addition to any other penalty provided for by law, be subject to such suspension, revocation or denial of any registration or license, or an administrative fine not to exceed \$2,500, or both. Each of the acts specified shall constitute a separate violation. AFSI, AFI and Post are subject to a suspension, revocation, or denial, and a fine.
17. Pursuant to RSA 421-B:26, III-a, every person who directly or indirectly controls a person liable under paragraph III, every principal executive officer, or director of such person, every person occupying a similar status or performing a similar function, every employee of such person who materially aids in the act or transaction constituting the violation, and every broker-dealer or agent who materially aids in the acts or transactions constituting the violation either knowingly or negligently, may, upon hearing, and in addition to any other penalty provided by law, be subject to such suspension, revocation, or denial of any registration or license, or administrative fine not to exceed \$2,500, or both. Each of the acts specified shall constitute a separate

violation, and such administrative action or fine may be imposed in addition to any criminal penalties imposed pursuant to RSA 421-B:24 or civil liabilities imposed pursuant to RSA 421-B:25. AFSI, AFI and Post are subject to this section.

18. Pursuant to RSA 421-B:26,V, after notice and hearing, the Secretary of State may enter an order of rescission, restitution, or disgorgement directed to a person who has violated RSA 421-B. AFSI, AFI and Post are subject to this section.
19. Pursuant to RSA 421-B:26, VI, the secretary of state may order any person who violates RSA 421-B:3, and 421-B:4 upon hearing, and in addition to any other penalty provided for by law, to make a written offer to the purchaser of the security to repurchase the security for cash, payable on delivery of the security, equal to the consideration paid for the security together with interest at the legal rate, less the amount of any income received by the purchaser on the security, or if the purchaser no longer owns the security, an offer to pay an amount in cash equal to consideration paid for the security together with interest at the legal rate, less the amount the purchaser received on disposition of the security and less the amount of any income received by the purchaser on the security.

RELIEF REQUESTED

III. The Bureau makes the following requests for relief in the above-referenced matter as permitted under the Act.

1. Find as fact the allegations contained in section I.
2. Make conclusions of law as stated in section II regarding securities violations occurring during the relevant time period as identified in the allegations contained in section I.
3. Order the Respondents to cease and desist from further violations of the act.
4. Issue an order to show cause why the broker-dealer license of the Respondents should not be denied, suspended or revoked, in accordance with RSA 421-B:10, III and 421-B:10, I (a) and (b).
5. Find that it is in the public interest, and that the Respondents have willfully violated or failed to comply with the laws, and that there is good cause to suspend or revoke the broker-dealer license of the Respondents in accordance with RSA 421-B:10, I (a) and (b).
6. Pursuant to RSA 421-B:10, VI, RSA 421-B:26, II, RSA 421-B:26, III, and RSA

421-B:26, III-a, order the Respondents to pay an administrative fine for violations of New Hampshire Uniform Securities Act occurring during the relevant time period, and period of heightened supervision in an amount of ten million dollars.

7. Order the Respondents to pay the cost of the investigation.
8. Pursuant to RSA 421-B:26, V, order the Respondents to pay disgorgement of all fees and commissions paid during the relevant time period and period of heightened supervision in violation of the New Hampshire Uniform Securities Act.
9. Take such other actions as necessary for the protection of New Hampshire investors and enforcement of the Act.

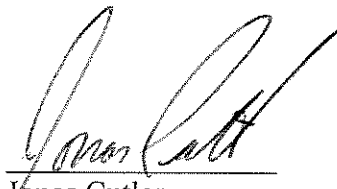
RIGHT TO AMEND

The Bureau's staff reserves the right to amend this Petition for Relief and requests that the Director of Securities Regulation take further enforcement action.

Respectfully submitted by:



Jeffrey Spill
Deputy Director



Jonas Cutler
Staff Attorney

10/22/07
Dated

From:
Sent: Thursday, August 28, 2003 3:52 PM
To:
Subject: PORTANT! Action Needed by P1 Leaders for Financial Plans Overstandard or Due within the next 30 Days
Importance: High

Hello,

Jeff told me to close out all of these open plans asap, so that's what I did as of today. They are clients of yours. I need the DAF ASAP! I'd say within the next 10 days (by Sept. 12th). I normally don't close out plans without the DAF, but since Jeff instructed me too - I did that. I need the DAF for compliance purpose for audits. Please expedite this for me - I'd appreciate it.

Thanks,
Lori

Thomas J Meade
08/28/2003 10:07 AM CDT

To: Field/WH/AEFA@AMEX
cc:
Subject: Action Needed by P1 Leaders for Financial Plans Overstandard or Due within the next 30 Days

I don't know if this list is different than the one we sent earlier.
----- Forwarded by Thomas J Meade/Field/WH/AEFA on
08/28/2003 11:05 AM -----

08/28/2003 07:45 AM

To: Thomas J Meade/Field/WH/AEFA@AMEX
cc:
Subject: Action Needed by P1 Leaders for Financial Plans Overstandard or Due within the next 30 Days

You may have heard from corporate office prior to this e-mail and now you are hearing from us once again. Amex is going to a new servicing system ART (Advice Relationship Tracking) and we need your assistance on delivering and closing out plans. Release 1 of ART will be implemented in October. Once it is implemented, all undelivered plans overstandard will automatically refund. Attached you will find a spreadsheet listing advisors who have undelivered plans overstandard or due within the next 30 days. Please work with these advisors to ensure the cases are delivered to

From: Thomas J Meade
Sent: Thursday, August 28, 2003 4:07 PM
To:
Subject: : Done! Re: Action Needed by P1 Leaders for Financial Plans Overstandard or Due within the next 30 Days

Thanks!

08/28/2003 09:02 AM

To: Thomas J Meade/Field/WH/AEFA@AMEX
cc:
Subject: Done! Re: Action Needed by P1 Leaders for Financial Plans Overstandard or Due within the next 30 Days (Document link: Thomas J Meade)

Hi Jeff,

I closed out the plans per your request as of today's date.

Lori

EXHIBIT 2

Brokerage, investment and financial advisory services are made available through Ameriprise Financial Services, Inc. Member NASD and SIPC. RiverSourceSM insurance and annuities issued by IDS Life Insurance Company, and in New York only by IDS Life Insurance Company of New York, Albany, NY, both Ameriprise Financial companies.

08/04/2005 12:28 PM

To: Siobhan C Fitzgerald/Field/WH/AEFA@AMEX, Norman X Long/Field/WH/AEFA@Amex
cc:

Subject: Portsmouth Investigation

Hi Siobhan,

Here is the notes of our inspection today. Norm will be faxing all our copies of questionable accounts. We looked at all plans closed in 2005 and checked for interesting signatures, we had a total of 7 clients that were questionable. We then pulled the client files and checked the files to see if there were any other questionable signatures. here is what we found by client names:

- * Linskey: DAS does not match the check or service agreements signed.
- * Perez/Bodden: Husband's signature is different on service agreement and check.
- Gewlas: Plan only was sold, nothing implemented - very little in the client file. DAS and ADV signatures do not match. Check wrote 1.22.03, ADV signed 10.28.03 and DAS signed 7.27.05
- Hanson: DAS and ADV signatures are close but look slightly different.
I signed the check name on the form above DAS form - [Signature]
- ALL four above noted plans were closed by the advisor without submitting paperwork to the OSd (against office policy). All DAS's were signed on the same day but they range from MA to NH and ME so it is unlikely that he could have visited each client on the same day.
- * Huff: Both signatures on the ADV do NOT match the signatures on checks and other forms found in the client file... This one is very evident that the advisor forgot to get the ADV signed so signed for the clients to open the plan.
I signed Tracy's signature on the service agreement [Signature]
- * Gagnon: ADV to Check do not match Christine's signature. Looks like advisor forgot to get wife's signature at the time the ADV was signed.
I signed Christine's name on service agreement [Signature]
- * Chase: Reviewed in 2004 by Schoppe. Check signature does not match the DAS form. The DAS is signed by the manager (schoppe) and advisor both on 1.12.04 - client signature has no date listed.
I signed Irene's name on DAS [Signature]
Give us a call when you get the stuff if you want to go over it with us.

> > > > > >

Field Compliance Supervisor
Ameriprise Financial

Jonas Cutler

From: [redacted]
Sent: Monday, March 19, 2001 6:11 PM
To: [redacted]
Subject: Final interview packet

----- Forwarded by [redacted]/Field/WH/AEFA on 03/19/2001 05:08 PM -----

(Embedded image moved to file: pic13444.jpg) image moved 03/12/2001 04:58 PM
to file: (Embedded image moved to file: pic08387.jpg) pic08387.jpg)

To: [redacted]/Field/WH/AEFA@AMEX, [redacted]/Field/WH/AEFA@AMEX,
[redacted]/Field/WH/AEFA@AMEX, [redacted]/Field/WH/AEFA@AMEX,

cc: [redacted]/Field/WH/AEFA@AMEXcc: Subject: Final interview packet
I know we discussed getting 15 pre-sold plans from all your candidates. Attached are some forms that are currently being used in San Francisco. My suggestion is that you have all your candidates fill out 15 of these forms before we actually hire them. I would recommend that we set the expectation that all advisors that go CR must sell a minimum of 5 plans in their first two or three weeks (your choice) or they are on their first action plan. My belief is we should set high expectations up front and if in fact candidates really did get people who said they would do business with them, there actually is no reason someone can't have a half dozen plans sold in the first two weeks. Please let me know your thoughts. LP

----- Forwarded by Larry M Post/Field/WH/AEFA on 03/12/2001 04:56 PM -----
y03/09/2001 06:36 AM CST To: Larry M Post/Field/WH/AEFA@AMEX, [redacted]/Field/WH/AEFA@AMEX,

[redacted]/Field/WH/AEFA@AMEXcc: Subject: Final interview packet
Attached is the packet that I give candidates to complete before the final. Be sure to change the "vermont area" to your area. I got this from [redacted] from the San Francisco MG. Thanks Bob (See attached file: Vermont final interview packet.doc)



pic08387.jpg



pic13444.jpg



Vermont final interview packet...

**AMERICAN EXPRESS
FINANCIAL ADVISORS:**

FINAL INTERVIEW PACKET

Part I: Develop a Client Acquisition Plan

Goal: Create a marketing plan designed to help you acquire at least fifty financial planning clients in your first twelve months. Furthermore, specifically identify your first 15 clients that you will help to achieve their financial goals.

Guidelines: *You have an annual budget of \$2,500
 *You may not do any cold calling
 *You may not do any advertising (TV, print, Internet)
 *Be creative!!

Areas of Focus: *Natural Market – try to focus on those relationships in the Vermont Area. If you have a natural market outside of the Vermont Area, please explain how you may utilize these contacts.
 *Centers of Influence (influential people you may know or plan to meet)
 *Groups, Clubs, and Organizations

Please be able to present your plan in a hard-copy form (word, excel, powerpoint).

Part II: Career Feedback Interviews

Goal: The purpose of the interview is to receive feedback from members of your natural market on your potential career change.

Objective: Contact fifteen people and ask the following questions. Please log their responses with the attached forms.

1. What is their impression of American Express?
2. What is their knowledge of American Express Financial Advisors?
3. Could they see you in the role of a financial advisor?
Why or why not?
4. What does financial planning mean to them?
5. Do they see the need for financial planning in their lives?
Why or why not?
6. Would they be receptive in helping you build your financial planning practice, in the following manners:
 - Become a client?
 - Refer other individuals to you?
 - Introduce you to other professionals for networking opportunities (accountant, lawyers, Human Resource directors, etc.)?

Mr. Kenneth Chenault
President and Chairman
American Express
World Financial Center
200 Vesey Street
New York, NY 10285

September 1, 2002

Re: AEFA, New England Market Group

Dear Mr. Chenault,

Please allow me to introduce myself. I am [REDACTED], the former Field Compliance Director for the New England Market Group of American Express Financial Advisors. I thought long and hard about whether to send this letter or not. I am no longer with the company and could have easily started my new job and left this all behind. I know that some may view this as a former disgruntled employee (as my reviews speak for themselves, the last two years I was with the company, I rated a 2 on goals and on leadership), but I can assure I am not. However, I feel a duty to you, the advisors and staff of the Market Group, and other stockholders, like myself, to bring this to your attention. I apologize for the length of this letter and hope and trust that you will see fit to read it in its entirety.

For the most part, the advisors and staff in the New England Market Group are top notch people. They are concerned about the clients and the company. Their morals, ethics and integrity are what a solid company is made of. I have made some of the most cherished friendships of my life at this company and I would hate to see anything happen to these people. I am concerned that apparently no one has taken a look at the trend of leaders who have left the MG since January. There have been 6 leaders that have left, if not directly as a result of Mr. Post, then as an indirect result. For the people looking at trends, I would think that 1 well qualified leader per month is not a good sign.

With this said, I wanted to apprise you of a situation that goes against every blue box value there is. Prior to January of this year, we had a man of the utmost honesty and integrity leading the troops, a man who put the company before all else. This all changed in January. Larry Post was appointed the new Group Vice President. The announcement was made in the third quarter of 2001. My observations regarding Mr. Post are that rules are made for others, and if you question him on something, he'll retaliate. Having said that, I also don't feel that this whole mess is entirely his fault. While he is the person doing this, the HO has allowed, no change that to encouraged, his actions. In the short run, his numbers may be something to strive for, however, I wonder if they've ever looked at his numbers in a strategic sense and seen what his affects have in the long run.

As there is a substantial amount of information attached, I will just give you a quick chronology of the events. I did not include everything that was said or done, but some of the highlights to give you a flavor of what is happening in Boston and what the HO is not addressing. Larry made his first visit during the fourth quarter of 2001. At that time, he met with the different management teams to discuss his "vision". After the first meeting, I contacted the Home Office in MN to express my concerns over some of the items Mr. Post mentioned during his meeting. I have attached copies of correspondence regarding this. One thing to note, after the initial response back from the HO, I heard nothing regarding this. While they may have been doing some behind the scenes work, it appears that the issues were dropped.

In December, Mr. Post sent a contest out to all the P2 advisors in the New England MG. When several of my advisors sent it to me (I had not been on the distribution list), I immediately knew that the HO could not have approved the contest, as it was based on proprietary sales. I knew that it violated NASD cash/non cash compensation issues. I then forwarded it to the HO. They sent an email to Mr. Post requesting his response to several questions. As you can see from the attached, the HO, at the time, was just as concerned. We had been advised that Mr. Post would be receiving a letter of caution, as this was not the first time it was addressed with him. However, it was later determined that someone from MN would speak with him and remind him of company guidelines. I have a strong suspicion that a regulator seeing a repeat pattern and it not being addressed would question why a letter was not written. It's interesting to note that Mr. Post states in his response that he hadn't heard of the requirement to get all contests approved until after he sent the email. I provided documentation where it clearly shows that my counterpart in his former MG addressed the situation at a meeting last April when the bulletin first came out.

Things quieted down for the moment, which at this point in time, was all anyone could ask for under the leadership of Mr. Post and the ineffective actions of MN. On January 24th, at the management meeting, Mr. Post publicly humiliated several of the managers. I have attached correspondence regarding this as well. As I was one of the "attack victims", several managers commented to me after that they felt horrible. One commented it was the worst management meeting this person has ever been to. Fortunately or unfortunately, I have never been one to sit idly by when I see an inequity, especially in light of the blue box values and what they are supposed to mean. I addressed my concerns with Mr. Post in an email, after having discussed the situation with both my manager and with the Omsbud office. Mr. Post responded with a lame "if you thought it was a dressing down, please don't". However, the damage had been done, and I might add in front of 4 individuals who are not members of the MG.

In February, I again heard third hand, that advisors were planning on holding seminars at a bar that is partially owned by Mrs. Post. I had raised the issue earlier as I feel strongly that it is a conflict of interest if Mr. Post either directly or indirectly personally gains from business he conducts with American Express. I've been told that P1 advisors are still holding seminars at his wife's bar, the point.

To illustrate the kind of personality we were dealing with, I have included a copy of an email sent to the management team on March 1st. At first glance, it appears to be a normal email. However, upon further inspection, you'll note that he's not only veiling a threat to managers about increasing their net gain, he's also insinuating that you would be sending a corporate jet to pick up the management team. Had this been the first or only issue, I might not have even kept a copy, but I firmly believe it illustrates the type of personality you have running the New England MG. He was brazen enough to make it appear that you too were receiving the note. Unless he blind carbon copied you, I believe this is the first you've seen of this email, however, I don't believe that other individuals receiving the email realized this, as several believed they are taking a trip to New York in September.

Next came an incident of alleged harassment. I've included the emails so that I don't have to repeat it here. However, I've also included a copy of a letter that was never sent. You see, many people were upset by Mr. Post's actions day in and day out, but they were fearful of retaliation and potentially the loss of their jobs. Several individuals at varying times contacted FER or the ombud office to report their concerns. I will say that [REDACTED] of the ombud office was wonderful. While she was limited as to what she could do, she at least was a sounding board for those of us that were fortunate enough to speak with her. She should be commended for being a steward of the blue box values! FER on the other hand was NOT supportive at all. As a matter of fact, it is interesting to note that whenever someone had the courage to contact FER about Mr. Post and his actions, shortly thereafter, Mr. Post would call the individual and reprimand them for something else. In light of the recent class action it concerns me that FER has apparently not changed any of their operating procedures, it's no wonder the company lost the suit. [REDACTED] is now gone and he said that I could include a copy of his letter that he never sent. At the time, he feared for his position, as he alludes to in his letter.

It also came to my attention that Mr. Post and [REDACTED] have rental property in Boston. I have first hand knowledge that one of his Field Vice-Presidents is renting one of [REDACTED] apartments. I firmly believe this is a conflict of interest that could have serious ramifications for the company. I reported this up to the HO through my management as well as to the audit department. I can only assume that this was not addressed as I have come to find out that an additional Field Vice-President is also renting an apartment from [REDACTED]. So rather than the one instance being corrected, there are now two instances.

On April 16th, I received a request from the HO regarding an outside activities disclosure form for one of the Field Vice-presidents, an honest and ethical man who gave 24 years to this company. An allegation was made that he was working for Goldman Sachs and they wanted to see if it had been disclosed on his outside activities form. I immediately called the person who was requesting this, knowing full well that she was not aware of the atmosphere in Boston. I informed her that Mr. Post was trying his hardest to get Mr. [REDACTED] out. Ironically, [REDACTED] was the individual who hired Mr. Post into the business. At the time, I told her that she had better be sure that they had factual information and not just a blind allegation. I did not want this individual unknowingly

putting herself in the middle of this. At the time, due to my job responsibilities, I could not discuss this with [REDACTED], but observation told me he did not have time to be working for Goldman Sachs. Ironically, after this conversation with the HO, the situation was dropped. Incidentally, the Client Relations System, which tracks investigations and complaints had no mention of the Goldman Sachs issue. I believe that once the HO realized that they had an unfounded allegation, that they did not want to get into the middle of the issues between Mr. Post and [REDACTED]. [REDACTED] subsequently asked for a retirement package so that he would not have to deal with the antics of Mr. Post. [REDACTED] has also left the company after 24 years of hard work.

The straw that broke the camels back(or in my world made me want to leave AEFA and NEVER look back) happened on May 3rd. I received a phone call from a management member of the Compliance Department and also a representative from FER stating that someone called the HO and reported that I was taping conversations with Mr. Post and that this type of action was against company policy and grounds for termination. These allegations were completely FALSE. Interestingly enough, they would not divulge the coward(s) who made this allegation. My responses are attached. However, I would like to state that I know I'm not perfect, not by a long shot, but I try my hardest in not only my professional but also my personal life to act with the utmost integrity and honesty. To have someone attack that is what made me start looking for other opportunities. In addition, as you can see from the emails, I was very disturbed by this incidence. So disturbed that I carbon copied not only the two people I spoke with, but also the head of FER and the head of the Legal Department. The only responses I received back were from the FER representative who then responded back to me and a third party who had no right to know what was going on. It then took several weeks for me to get a response that this had been corrected. I find it absolutely deplorable that there was no sincere apology for this while my reputation was being libeled. Apparently the people in MN either are used to this kind of situation or they just didn't care, I'm not sure which.

His continual veiled threats to the OSJBMs (in the southern part of the MG) regarding their continued existence to act in that capacity. You have to understand, these 8 individuals stepped up to the plate at the franchise rollout. We have some of the best, most experienced and highly ethical OSJBMs in the system. It was not until recently when a directive came out from the HO that MGs were not allowed to undercut the OSJBMs, that Mr. Post stopped his antics. He would contact advisors and say things like:who's your OSJBM and are you really happy with him?; Do you feel you're getting your money's worth?; Would you be willing to switch to the MG for a lower fee? These 8 individuals have put their licenses on the line daily when they took on this role. One would think that the leader of the MG would want to build strong lasting relationships with these people and not cut them off at the knees.

I have other issues that came up and would be happy to look through my records, but I just wanted to give you a flavor for the type of man you have representing American Express in Boston and the type of leadership you have in MN. [REDACTED] I am not holier than thou, but I do my best to abide by what's right and the actions of AEFA both from a local standpoint with Larry and a national standpoint with MN thoroughly

disgusts and infuriates me. When I was doing what I believed to be my job, with respect to protecting customers, the advisors, the company and the MG and I got no support from the HO, I really question the organization and their ethics. As I stated, [REDACTED] was wonderful, My boss J [REDACTED] did as much as he could to support me, but his hands were tied.

[REDACTED], as I said, I have nothing to gain by sending this letter to you, except that I truly care about the company and so many of the good people in Boston who are either leaving or slowly dying under the present leadership. Unfortunately, in my career, I've dealt with many fraudulent issues. It's because of this experience that I'm concerned. I sincerely hope that my intuition regarding this is wrong, but I strongly believe that if something is not done, a situation will occur that will soil the reputation of American Express in the Boston Area. Thank you for allowing me to share my thoughts and concerns with you. I wish you the best.

Sincerely,

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

To: [redacted]
Subject: P2 advisors who receive any mail from area offices

...please advise as I believe Larry's wants are in conflict with HO/NASD policies....thanks...

----- Forwarded by David J Kaufman Field/WH-AEFA on 05/09/2002 03:26 PM -----

To:
Subject: P2 advisors who receive any mail from area offices

Hi Folks,

It has come to my attention that the old Boston Market Group had a compliance policy regarding incoming mail; any mail opened in an area office that was missing information from an application was to be voided out and sent back to you.

This policy makes no sense at all to me and I've asked it to be stopped immediately. If there are any other policies in effect that are stopping you or hindering you from doing business, please give me a call.

Thanks

LP