



Mark Connolly
Director

State of New Hampshire

Department of State Bureau of Securities Regulation

107 North Main Street, State House Rm. 204
Concord, NH 03301-4989
Telephone: (603) 271-1463
Fax: (603) 271-7933

FOR IMMEDIATE RELEASE

CONTACT: Scott Kirby
Communications Director
Phone: 305-304-6819

NH SECURITIES BUREAU TAKES SECOND ENFORCEMENT ACTION AGAINST AMERIPRISE FINANCIAL WIDESPREAD COMPLIANCE FAILURE CITED IN BUREAU'S FILING

CONCORD, NH (October 22, 2007) - The New Hampshire Bureau of Securities Regulation announced today that it has taken a second enforcement action in as many years against Ameriprise Financial Services, formerly known as American Express Financial Advisors. The company settled with the New Hampshire Bureau in July of 2005 for a record \$7.4 million in fines, penalties and restitution related to illegal incentives, conflicts of interest and lack of proper disclosure to its clients. In that action the Bureau found a pervasive effort within the company to press its financial advisors to sell "one size fits all" investment plans heavily laden with underperforming American Express mutual funds, without disclosing to clients how this behavior financially benefitted the company and its agents.

The Bureau now alleges the company failed to deliver nearly 500 financial plans, engaged in unlawful practices such as forgery, document tampering and unapproved sales contests, and intentionally limited vital compliance oversight. In addition, the company failed to adequately divulge all fraudulent activities to the state of New Hampshire while it was under heightened supervisory status as implemented in 2005.

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“What we’ve found is an unprecedented and widespread compliance failure on a number of levels within the company as well as an unprofessional workplace environment and attitude that would do little to inspire the trust and confidence of New Hampshire investors,” said Bureau director, Mark Connolly. “This conduct was the direct result of an Ameriprise sales culture more concerned with sales commissions than compliance. Regulators cannot tolerate such blatant disregard for investors. By taking this action today, I am calling on the company to fundamentally change its culture and the way it hires, trains and compensates its sales staff.”

By law, financial advisors carry a fiduciary duty to always act in the best interest of their clients, tailoring each individual’s financial plan based on factors such as the client’s age, income and risk tolerance. As a result of the 2005 action, the company has been under heightened supervision including the scrutiny of an independent consultant tasked with examining the company’s sales practices and procedures.

Deputy Director Jeff Spill and lead enforcement attorney on the case, Jonas Cutler, alleged a number of specific compliance failures in the Bureau’s filing. “During the past two years we have found that the company’s financial advisors were incentivized and pressured to sell plans to each other and family members so as to give the appearance of increased sales, as well as forging legitimate client’s signatures on certain forms to make their sales numbers look higher,” said Cutler.

The Bureau specifically cited Ameriprise Group Vice President Larry Post, who heads up the New Hampshire sales operation for Ameriprise. The Bureau alleges that he offered improper sales rewards to his agents, stifled and threatened company compliance personnel, and failed to report a number of other improprieties to its office or the compliance consultants who were charged with examining the company’s compliance procedures. “It is unfortunate that the company could not undertake to perform correctly the most basic compliance objectives,” said Spill.

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Connolly noted that several people have been fired from Ameriprise and others reassigned for fraudulent behavior, but those who oversaw the operations have not been adequately disciplined. Ameriprise has had several actions taken against it by other regulators in recent months, including Georgia and New Jersey and its sales practices are under review by several other states. Ameriprise also recently settled a \$100 million class action suit for Securities fraud involving issues related to the New Hampshire Bureau's 2005 action against the company, namely undisclosed compensation and breach of fiduciary duty. The New Hampshire Bureau is now working with several regulators in identifying securities transgressions by the company in other states.

The company currently maintains approximately 30 branch offices within the State of New Hampshire and could face penalties and client restitution in New Hampshire of up to \$10 million.

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