

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

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IN THE MATTER OF: )  
AMERIPRISE FINANCIAL ) Case No: CO-2009-0009  
SERVICES, INC. )  
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)

COMMISSIONER OF SECURITIES  
STATE OF GEORGIA

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)  
IN THE MATTER OF: )  
AMERIPRISE FINANCIAL ) Case No: ENSC 01472  
SERVICES, INC. )  
\_\_\_\_\_  
)

CONSENT ORDER

WHEREAS, RESPONDENT admits that the information and assertions presented to the Alabama Securities Commission ("Commission") and the Georgia Commissioner of Securities ("Commissioner of Securities") during its investigation of this matter are true and correct; that the RESPONDENT understands the Commission's and the Commissioner of Securities' reliance upon such information and assertions in its determination to accept this Order, and that should any information and assertions prove to be materially incorrect or misrepresented, the Commission and the Commissioner of Securities may seek such other administrative, civil or criminal remedies that may be available to it under the provisions of the Alabama Securities Act of 1975 and the Georgia Securities Act (O.C.G.A. Sec. 10-5-1 et seq.) respectively (the "Acts").

This Settlement Agreement ("Agreement") is entered into by and between Ameriprise Financial Services, Inc. ("Ameriprise"), and both the State of Alabama, Alabama Securities Commission ("Alabama") and the Commissioner of Securities of the State of Georgia ("Georgia") (collectively, the "Parties").

**WHEREAS**, the Parties have been reviewing a matter relating to the delivery of financial plans by Ameriprise to certain financial planning clients residing in Alabama and Georgia, as more fully described herein.

**WHEREAS**, RESPONDENT has voluntarily waived all rights to a hearing upon entry of this Order, and has consented to the entry of this Order, and

**WHEREAS**, the Commission and the Commissioner of Securities find this Order necessary and appropriate in the public interest for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act, and

**WHEREAS**, the Commission, the Commissioner of Securities and RESPONDENT are desirous of settling this matter as hereafter set forth and agree to the entry of this Order.

The Commission and the Commissioner, having the power to administer and provide for the enforcement of all provisions of the Acts, upon due consideration of the subject matter hereof, and having confirmed information concerning or relating to sale and non-delivery of financial plans into, within or from the states of Alabama and Georgia, have determined as follows:

**RESPONDENT**

1. AMERIPRISE FINANCIAL SERVICES, INC. (AMERIPRISE) (CRD# 6363) has been an Alabama full service broker-dealer registered with the Commission since October 23, 1981 and a federally registered investment adviser since December 5, 1986. It has been registered in the state of Georgia since September 21, 1981 as a securities dealer. It is a wholly owned subsidiary of Ameriprise Financial, Inc., a Delaware corporation. Its principal offices are located at 707 2<sup>nd</sup> Avenue South, Minneapolis, MN, 55402. It provides the full range of services

offered by multi-purpose broker-dealers and investment advisers, including equity and fixed income sales, trading, wealth management, and the creation and sale of financial plans tailored to its individual clients.

### **STATEMENT OF FACTS**

2. Ameriprise is registered with the United States Securities and Exchange Commission as a securities broker-dealer, investment adviser and is a member of FINRA.

3. Ameriprise operates through branch and non-branch registered offices throughout the states of Alabama and Georgia.

4. Ameriprise offers to its Alabama and Georgia clients financial planning services by which its advisors provide specially tailored financial plans and ongoing financial planning advice to clients for an annual fee, which can range from \$300 to \$750 on average, with higher costs possible depending upon, among other things, the complexity of the client's financial situation and the scope of services to be provided.

5. Ameriprise represents that its investment advisor representatives prepare financial plans, based on information clients provide as to their current financial situation and goals, assist them in identifying their financial planning objectives, and then formulate investment, insurance and other financial advice based on the information provided.

6. On June 22, 2007, the Alabama Securities Commission opened an investigation when it received information that Ameriprise may have failed to deliver hundreds of individual financial plans to clients in Alabama and Georgia who had paid for those plans.

7. Ameriprise represents that during the relevant time period of June 2, 2006 to June 1, 2007, it used a tracking system whereby financial plans for which clients had paid a fee were recorded as "closed" after the financial plan was delivered to the client. Ameriprise's policy was that a financial plan could not be "closed" on its tracking system until delivery of the financial plan had first been confirmed. A copy of the plan was then stored in a centralized archive or forwarded in hard copy to the advisor's registered principal.

8. During the relevant period, all plans were required to be delivered to the client within 365 days of the service agreement's execution. Such 365-day period was referred to as the "in-force" period.

9. Beginning at least in October 2006, at least one southeast Market Group Director began expressing concerns via e-mail over the number of "open plans", which included both "overstandard" (the in-force period has passed) and "at risk plans" (end of in-force period was near). The Market Group Director began to develop strategies to close the "overstandard" and "at risk" plans.

10. In or about January 2007, Ted Jenkin, the Ameriprise Group Vice-President of the Southeast Market Group, (the "Southeast GVP"), which includes Ameriprise advisor offices in Alabama and Georgia, directed supervisors, and other field personnel in the market group to work with advisors to "close" the hundreds of "overstandard" and "at-risk" financial plans on Ameriprise's tracking system in order to prevent the reversal of fees and commissions. The Southeast GVP did not clearly couple this direction with the Ameriprise policy requirement that, prior to closing, there must be confirmation of plan delivery. The Southeast GVP is a Series 7, 24 (General Securities Principal), 63 and 65 licensee.

11. In a January 26, 2007 email, The Southeast GVP sent an attached form "negative consent" letter that read:

*"Dear Client,*

*I want to send you this letter to follow up on the financial advice service you purchased from Ameriprise Financial. At this time, our firm has been unable to contact you or meet with you to obtain the information necessary to complete our job to the highest standards.*

*Financial planning is most certainly a partnership. With your help by responding to this letter, we can be in a position to help you achieve your dreams and goals. I am happy to meet with you, and gather the rest of the data I need to complete the work on your financial plan.*

*Should I not hear from you within the next 7 days, this notice will serve that we have fulfilled our obligations for the service you paid for on your financial advice service.*

*Please give me a call, and I am happy to meet your needs*

*Sincerely,*

*Ted Jenkin"*

Ameriprise has represented to the Commission that the Southeast GVP did not obtain approval from Ameriprise's corporate office to forward the negative consent letter to Field leaders or to clients.

12. In or about January 2007, the negative consent letter mentioned in paragraph 11 above was sent by The Southeast GVP to Ameriprise Sales Leaders who followed The Southeast GVP's direction, and sent the negative consent letter to Ameriprise investment adviser representatives.

13. A February 8, 2007 email from an Ameriprise Region Risk Director informed Ameriprise senior management that The Southeast GVP had authored the letter, had distributed it, and that the letters were in turn mailed to a number of Ameriprise investment advisory clients.

14. Promptly after learning about the unapproved letter, senior management directed an Ameriprise manager to notify all Ameriprise investment advisers who had received the negative consent letter that they were not permitted to use the letter nor send it to any more clients.

15. Ameriprise's Compliance Department represents that when it learned of the policy violation, the Company promptly initiated an internal review of the matter.

16. Ameriprise represents that it was able to confirm that most of the plans that the Southeast market group leader had directed to be "closed" on the tracking system had, in fact, been delivered to clients.

17. Ameriprise represents that with respect to the remaining plans for which delivery to clients could not be confirmed (60 Alabama clients, 114 Georgia clients and 11 non-residents whose plans were sold by advisors in the Southeast market group), that Ameriprise voluntarily paid a total of \$104,579 in refunds of the financial planning fees that had been paid by the clients. Ameriprise also removed the Southeast GVP from his leadership role at the company.

## CONCLUSIONS OF LAW

18. The issuing of negative consent letters to clients by an Ameriprise field leader, constitutes dishonest or unethical practices in the securities business in violation of 8-6-3(j)(7) Code of Alabama and O.C.G.A. Sec. 10-5-12(a)(1) and Rule 590-4-8-.18 of the State of Georgia.

19. By not preventing the issuance of the negative consent letters to clients, Ameriprise failed to supervise its Investment Adviser Representatives in violation of 8-6-3(j)(10), Code of Alabama and Rule 590-4-8-.10(1) of the State of Georgia.

20. By failing to assure the delivery of investment plans sold to Alabama and Georgia clients, Ameriprise failed to supervise its Investment Adviser Representatives in violation of Alabama Securities Commission Rule 830-x-3-.13(2) and Rule 590-4-8-.10(1) of the State of Georgia.

## ACCEPTANCE AND CONSENT TO REMEDIAL SANCTIONS

1. Ameriprise hereby accepts and consents solely for the purpose of resolving this proceeding, and any other proceeding that might be brought by or on behalf of Alabama and/or Georgia, or to which Alabama and/or Georgia is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the imposition of the following remedial sanctions:

a. That in accordance with Section 8-6-19(j)(1), Code of Alabama 1975, RESPONDENT shall pay to the **State of Alabama** an administrative assessment in the total sum of two hundred fifty thousand Dollars (\$250,000.00), said funds to be tendered in certified funds contemporaneously with the entry of this Order.

b. That in accordance with Section 8-6-19(k)(1), Code of Alabama 1975, RESPONDENT shall pay to the **Alabama Securities Commission**, as partial reimbursement for the Commission's cost for investigating this matter, in the total sum of Seventy-five Thousand Dollars (\$75,000.00), said funds to be tendered in certified funds contemporaneously with the entry of this Order.

c. Ameriprise shall pay thirty five thousand Dollars (\$35,000.00) to the **Investor Protection Trust**, a non-profit corporation and such funds are designated specifically for investor education and investor protection in the state of Alabama as directed by the Alabama Securities Commission in its sole discretion. These funds shall be paid within ten (10) days of the date on which this Order becomes final.

d. That in accordance with O.C.G.A. Sec. 10-5-13(a)(1)(A)(iv), RESPONDENT shall

pay to the **State of Georgia** a civil penalty in the total sum of two hundred fifty thousand Dollars (\$250,000.00), said funds to be tendered in certified funds contemporaneously with the entry of this Order.

e. Ameriprise shall pay to the **Georgia Commissioner of Securities** the sum of Seventy-five Thousand Dollars (\$75,000.00) to reimbursement for the Commissioner for investigative cost. Said funds are to be tendered in certified funds contemporaneously with the entry of this Order.

f. Ameriprise shall pay thirty- five thousand Dollars (\$35,000.00) to the **Georgia Prosecuting Attorneys Council** for investor protection in the state of Georgia as directed. These funds shall be paid within ten (10) days of the date on which this Order becomes final.

2. If payment is not made by Ameriprise or if Ameriprise defaults in any of its obligations set forth in this Order, the Alabama Securities Commission and/or the Georgia Commissioner of Securities may vacate this Order, at its sole discretion, upon 10 days notice to Ameriprise and without opportunity for administrative hearing, or may take appropriate action to enforce the terms hereof.

3. Ameriprise shall cease and desist any further violation of the Alabama Securities Act of 1975.

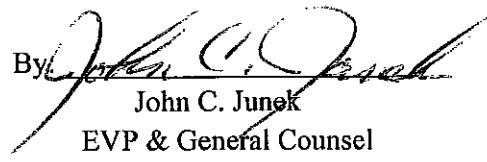
4. This order is specifically limited to the relevant time period noted in the statement of fact section and does not address any other time period where similar activity may have been conducted.

AGREED AND CONSENTED to on dates indicated:

**READ, ACKNOWLEDGED AND ACCEPTED**

AMERIPRISE FINANCIAL SERVICES, INC.

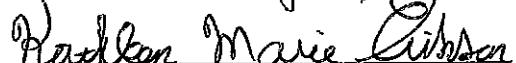
By:

  
John C. Junek

EVP & General Counsel

Subscribed and sworn to before me

the 7<sup>th</sup> day of April, 2009.

  
Kathleen Marie Erickson  
Notary Public

My Commission Expires 1/31/2011



STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

By:

  
Joseph P. Borg

Director

4-23-09  
Date

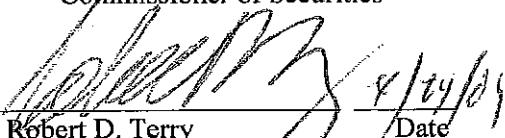
COMMISSIONER OF SECURITIES

STATE OF GEORGIA

KAREN C. HANDEL  
Secretary of State

Commissioner of Securities

By:

  
Robert D. Terry

Assistant Securities Commissioner

4/14/09  
Date