



IAPD Report

WANDA PITTMAN SEARS

CRD# 2214419

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.



IAPD Information About Representatives

IAPD offers information on all current-and many former representatives. Investors are strongly encouraged to use IAPD to check the background of representatives before deciding to conduct, or continue to conduct, business with them.

What is included in a IAPD report?

IAPD reports for individual representatives include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards.

It is important to note that the information contained in an IAPD report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

Where did this information come from?

The information contained in IAPD comes from the Investment Adviser Registration Depository (IARD) and FINRA's Central Registration Depository, or CRD, (see more on CRD below) and is a combination of:

- information the states require representatives and firms to submit as part of the registration and licensing process, and
- information that state regulators report regarding disciplinary actions or allegations against representatives.

How current is this information?

Generally, representatives are required to update their professional and disciplinary information in IARD within 30 days.

Need help interpreting this report?

For help understanding how to read this report, please consult NASAA's IAPD Tips page <http://www.nasaa.org/IAPD/IARReports.cfm>

What if I want to check the background of an Individual Broker or Brokerage Firm?

To check the background of an Individual Broker or Brokerage firm, you can search for the firm or individual in IAPD. If your search is successful, click on the link provided to view the available licensing and registration information in FINRA's BrokerCheck website.

Are there other resources I can use to check the background of investment professionals?

It is recommended that you learn as much as possible about an individual representative or Investment Adviser firm before deciding to work with them. Your state securities regulator can help you research individuals and certain firms doing business in your state. The contact information for state securities regulators can be found on the website of the North American Securities Administrators Association <http://www.nasaa.org>



Report Summary

WANDA PITTMAN SEARS (CRD# 2214419)

The report summary provides an overview of the representative's professional background and conduct. The information contained in this report has been provided by the representative, investment adviser and/or securities firms, and/or securities regulators as part of the states' investment adviser registration and licensing process. The information contained in this report was last updated by the representative, a previous employing firm, or a securities regulator on **06/22/2012**.

CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
IA	WANDA KILMAN PITTMAN	CRD# 147698	09/11/2008

QUALIFICATIONS

This representative is currently registered in **0** SRO(s) and **1** jurisdiction(s).

Is this representative currently Inactive or Suspended with any regulator? **No**

Note: Not all jurisdictions require IAR registration or may have an exemption from registration.

Additional information including this individual's qualification examinations and professional designations is available in the Detailed Report.

REGISTRATION HISTORY

This representative was previously registered with the following firm(s):

	FIRM	CRD#	LOCATION	REGISTRATION DATES
B	H. BECK, INC.	1763	ROANOKE, VA	04/09/2002 - 11/16/2006
B	AMERICAN EXPRESS FINANCIAL ADVISORS INC.	6363	MINNEAPOLIS, MN	05/28/1992 - 04/24/2002
B	IDS LIFE INSURANCE COMPANY	6321	MINNEAPOLIS, MN	05/28/1992 - 04/24/2002

For additional registration and employment history details as reported by the individual, refer to the Registration and Employment History section of the Detailed Report.

DISCLOSURE INFORMATION

Disclosure events include certain criminal charges and convictions, formal investigations and disciplinary actions initiated by regulators, customer disputes and arbitrations, and financial disclosures such as bankruptcies and unpaid judgments or liens.

Are there events disclosed about this representative? **Yes**

The following types of events are disclosed about this representative:

Type	Count
Regulatory Event	4
Investigation	2
Civil Event	1
Customer Dispute	21
Termination	1



Qualifications

REGISTRATIONS

This section provides the SRO, states and U.S. territories in which the representative is currently registered and licensed, the category of each registration, and the date on which the registration becomes effective. This section also provides, for each firm with which the representative is currently employed, the address of each location where the representative works. This individual is currently registered with **1** jurisdiction(s) and **0** SRO(s) through his or her employer(s).

Employment 1 of 1

Firm Name: **WANDA KILMAN PITTMAN**
Main Address: 3536 BRAMBLETON AVE
SUITE 1B
ROANOKE, VA 24018
Firm ID#: 147698

Regulator	Registration	Status	Date
IA Virginia	Investment Adviser Representative	Approved	09/11/2008

Branch Office Locations

WANDA KILMAN PITTMAN
3536 BRAMBLETON AVE.
STE. 1B
ROANOKE, VA 24018



Qualifications

PASSED INDUSTRY EXAMS

This section includes all industry exams that the representative has passed. Under limited circumstances, a representative may attain registration after receiving an exam waiver based on a combination of exams the representative has passed and qualifying work experience. Likewise a new exam requirement may be grandfathered based on a representative's specific qualifying work experience. Exam waivers and grandfathering are not included below.

This individual has passed 0 principal/supervisory exams, 1 general industry/product exam, and 3 state securities law exams.

Principal/Supervisory Exams

Exam	Category	Date
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No information reported.

General Industry/Product Exams

Exam	Category	Date
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B General Securities Representative Examination (S7)	Series 7	05/26/1992
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State Securities Law Exams

Exam	Category	Date
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IA B Uniform Combined State Law Examination (S66)	Series 66	05/28/2008
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B Uniform Securities Agent State Law Examination (S63)	Series 63	04/02/1992
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IA Uniform Investment Adviser Law Examination (S65)	Series 65	03/27/1992
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PROFESSIONAL DESIGNATIONS

This section details that the representative has reported **1** professional designation(s).

Chartered Financial Consultant

This representative holds or did hold **1** professional designation(s) that may have been used to qualify as an Investment Advisor representative. Please check with the appropriate designation authority for verification that the designation is still in effect. The contact information for these professional designation authorities can be found on the website for the North American Securities Administrators Association at <http://www.nasaa.org>



Registration & Employment History

PREVIOUSLY REGISTERED WITH THE FOLLOWING FIRMS

This representative held registrations with the following firms:

	Registration Dates	Firm Name	ID#	Branch Location
B	04/09/2002 - 11/16/2006	H. BECK, INC.	CRD# 1763	ROANOKE, VA
B	05/28/1992 - 04/24/2002	AMERICAN EXPRESS FINANCIAL ADVISORS INC.	CRD# 6363	MINNEAPOLIS, MN
B	05/28/1992 - 04/24/2002	IDS LIFE INSURANCE COMPANY	CRD# 6321	MINNEAPOLIS, MN
IA	04/15/1992 - 04/24/2002	AMERICAN EXPRESS FINANCIAL ADVISORS, INC.	CRD# 6363	ROANOKE, VA

EMPLOYMENT HISTORY

Below is the representative's employment history for up to the last 10 years.

Employment Dates	Employer Name	Position	Investment Related	Employer Location
10/2007 - Present	WANDA P. SEARS	OWNER	Y	ROANOKE, VA, United States

OTHER BUSINESS ACTIVITIES

This section includes information, if any, as provided by the representative regarding other business activities the representative is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent, or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious, or fraternal and is recognized as tax exempt.

No information reported.



Disclosure Summary

Disclosure Information

What you should know about reported disclosure events:

(1) Certain thresholds must be met before an event is reported to IARD, for example:

- A law enforcement agency must file formal charges before an Investment Adviser Representative is required to report a particular criminal event.;
- A customer dispute must involve allegations that an Investment Adviser Representative engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.

(2) Disclosure events in IAPD reports come from different sources:

As mentioned in the "About IAPD" section on page 1 of this report, information contained in IAPD comes from Investment Adviser Representatives, firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the IAPD report. The different versions will be separated by a solid line with the reporting source labeled.

(3) There are different statuses and dispositions for disclosure events:

- A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" disclosure event involves allegations that have not been proven or formally adjudicated.
 - A disclosure event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" disclosure event has been concluded and its resolution is not subject to change.
- A final disclosure event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally represents a disposition wherein the parties involved in a dispute reach an agreement to resolve the matter. Please note that Investment Adviser Representatives and firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually includes a disposition wherein no payment is made to the customer or there is no finding of wrongdoing on the part of the Investment Adviser Representative. Such matters generally involve customer disputes.

(4) You may wish to contact the Investment Adviser Representatives to obtain further information regarding any of the disclosure events contained in this IAPD report.



DISCLOSURE EVENT DETAILS

When evaluating this information, please keep in mind that some items may involve pending actions or allegations that may be contested and have not been resolved or proven. The event may, in the end, be withdrawn, dismissed, resolved in favor of the Investment Adviser Representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to the Investment Adviser Registration Depository. Some of the specific data fields contained in the report may be blank if the information was not provided.

The following types of events are disclosed about this representative:

Type	Count
Regulatory Event	4
Civil Event	1
Customer Dispute	21
Investigation	2
Termination	1

Regulatory Event

This disclosure event may include a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, a federal regulator such as the Securities and Exchange Commission or the Commodities Futures Trading Commission, or a foreign financial regulatory body) for a violation of investment-related rules or regulations. This disclosure event may also include a revocation or suspension of an Investment Adviser Representative's authority to act as an attorney, accountant or federal contractor.

Disclosure 1 of 4

Reporting Source: Regulator

Regulatory Action Initiated By: CALIFORNIA DEPARTMENT OF CORPORATIONS

Sanction(s) Sought: Bar
Denial

Date Initiated: 12/29/2010

Docket/Case Number: CA DOC FILE # 927-7646

URL for Regulatory Action:

Employing firm when activity occurred which led to the regulatory action:

Product Type: No Product

Allegations:

1. APPLICANT HAS BEEN SUBJECT TO ORDERS WHICH HAVE BEEN NECESSARY FOR THE PROTECTION OF INVESTORS WITHIN THE MEANING OF CA CORP. CODE SECTION 25232(D)(3).
2. APPLICANT WILLFULLY OMITTED TO STATE MATERIAL FACTS REQUIRED TO BE DISCLOSED IN AN APPLICATION TO THE COMMISSIONER WITHIN THE MEANING OF CA CORP. CODE SECTION 25232(A).
3. APPLICANT VIOLATED A SIMILAR REGULATORY SCHEME OF A FOREIGN JURISDICTION WITHIN THE MEANING OF CA CORP. CODE SECTION 25232(H).



Current Status: Final

Resolution: Stipulation and Consent

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? Yes

Resolution Date: 04/08/2011

Sanctions Ordered: Bar (Permanent)
Denial

Sanction 1 of 1

Sanction Type: Bar (Permanent)

Capacities Affected: ALL CAPACITIES

Duration:

Start Date:

End Date:

Disclosure 2 of 4

Reporting Source: Regulator

Regulatory Action Initiated By: VIRGINIA -DIVISION OF SECURITIES

Sanction(s) Sought: Other

Other Sanction(s) Sought: RULE TO SHOW CAUSE ISSUED VACATED AND AN ORDER OF SETTLEMENT WAS REACHED.

Date Initiated: 09/21/2007

Docket/Case Number: SEC-2007-00048

Employing firm when activity occurred which led to the regulatory action: SEARS & ASSOCIATES AND H. BECK, INC.

Product Type: Other

Other Product Type(s): INVESTMENT ADVISORY SERVICES

Allegations: (1) HELD HERSELF OUT AS A REGISTERED INVESTMENT ADVISOR WHILE ONLY REGISTERED AS A BROKER-DEALER AGENT, (2) MADE DISCRETIONARY PAYMENTS THROUGH THE USE OF PRE-SIGNED WITHDRAWAL FORMS. (3) ACQUIRED POWER OF ATTORNEY OVER TWO CLIENTS WITHOUT AUTHORIZATION OF THE BROKER-DEALER. (4) MADE UNSUITABLE RECOMMENDATIONS. (5) EXECUTED UNAUTHORIZED TRADES. (6) ACQUIRED CUSTODY OF A CLIENT'S ACCOUNT. (7) HELD HERSELF OUT AS A REGISTERED INVESTMENT ADVISOR AND REGISTERED INVESTMENT ADVISOR REPRESENTATIVE. (8) MADE MISLEADING STATEMENTS. (9) ENGAGED IN DISHONEST AND UNETHICAL ACTS. (10) CONTINUED TO ACT AS AN INVESTMENT ADVISOR AFTER THE COMMISSION ENTERED A TEMPORARY INJUNCTION.



Current Status:	Final
Resolution:	Order
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Resolution Date:	06/25/2008
Sanctions Ordered:	Disgorgement/Restitution Monetary/Fine \$25,000.00
Other Sanctions Ordered:	FINANCIAL TERMS OF THE SETTLEMENT ORDER PROVIDE FOR A PENALTY IN THE AMOUNT OF \$25,000 PAYABLE IN INSTALLMENTS OVER FIVE YEARS, \$10,000 TO COVER THE COSTS OF INVESTIGATION, AND RESTITUTION IN THE AMOUNT OF \$9,998.43. ADDITIONAL TERMS INCLUDE (1) RESTRICTION TO REGISTRATION ONLY AS AN INVESTMENT ADVISOR AND INVESTMENT ADVISOR REPRESENTATIVE FOR A PERIOD OF FIVE YEARS; (2) ENGAGING A INVESTMENT ADVISORY CONSULTANT SERVICE FOR THE REGISTRATION PROCESS AND RETAINING THAT SERVICE FOR A PERIOD OF ONE YEAR, DURING SUCH TIME THE CONSULTANT WILL CONDUCT AT LEAST TWO COMPLIANCE EXAMINATIONS AND PROVIDE THE RESULTS OF THOSE EXAMINATIONS TO THE COMMISSION; (3) PASSING THE SERIES 66 EXAMINATION; (4) RESTRICTION FROM PLACING CLIENTS ON MARGIN FOR A PERIOD OF FIVE YEARS; (5) RESTRICTION TO SOLICIT ONLY MUTUAL FUND TRADES AND NO STOCK TRANSACTIONS FOR A PERIOD OF ONE YEAR AFTER REGISTRATION IS GRANTED; (6) MAINTAINING CLIENT FILES THAT PROVIDE AN INVESTMENT POLICY STATEMENT DETAILING CLIENTS' INVESTMENT OBJECTIVES, PROVIDE RECOMMENDATIONS CONSISTANT WITH THOSE OBJECTIVES, AND RECORD EACH CLIENT CONTACT; (7) PROVIDE A COPY OF THE SETTLEMENT ORDER TO EACH FORMER CLIENT.
Sanction Details:	AS PART OF THE SETTLEMENT ORDER SEARS ADMITTED TO THE FOLLOWING ALLEGATIONS: (1) HOLDING HERSELF OUT IN ADVERTISEMENT AS A REGISTERED INVESTMENT ADVISOR WHILE ONLY REGISTERED AS A BROKER-DEALER AGENT, (2) MAKING DISCRETIONARY PAYMENTS THROUGH THE USE OF PRE-SIGNED WITHDRAWAL FORMS. (3) ACQUIRING POWER OF ATTORNEY OVER TWO CLIENTS WITHOUT AUTHORIZATION OF THE BROKER-DEALER. (4) ACQUIRING CUSTODY OF A CLIENT'S ACCOUNT. (5) HOLDING HERSELF OUT AS A REGISTERED INVESTMENT ADVISOR AND REGISTERED INVESTMENT ADVISOR REPRESENTATIVE. (6) MAKING MISLEADING STATEMENTS. (7) ENGAGING IN DISHONEST AND UNETHICAL ACTS. (8) CONTINUING TO ACT AS AN INVESTMENT ADVISOR AFTER THE COMMISSION ENTERED A TEMPORARY INJUNCTION. ALSO AS PART OF THE SETTLEMENT ORDER SEARS NEITHER ADMITTED NOR DENIED THE FOLLOWING ALLEGATIONS; (1) MAKING UNSUITABLE RECOMMENDATIONS; AND (2) EXECUTING UNAUTHORIZED TRANSACTIONS.
Regulator Statement	AS PART OF THE SETTLEMENT ORDER SEARS ADMITTED TO THE FOLLOWING ALLEGATIONS: (1) HOLDING HERSELF OUT IN ADVERTISEMENT AS A REGISTERED INVESTMENT ADVISOR WHILE ONLY REGISTERED AS A BROKER-DEALER AGENT, (2) MAKING DISCRETIONARY PAYMENTS THROUGH THE USE OF PRE-SIGNED WITHDRAWAL FORMS. (3) ACQUIRING POWER OF ATTORNEY OVER TWO CLIENTS WITHOUT AUTHORIZATION OF THE BROKER-DEALER. (4) ACQUIRING CUSTODY OF A



CLIENT'S ACCOUNT. (5) HOLDING HERSELF OUT AS A REGISTERED INVESTMENT ADVISOR AND REGISTERED INVESTMENT ADVISOR REPRESENTATIVE. (6) MAKING MISLEADING STATEMENTS. (7) ENGAGING IN DISHONEST AND UNETHICAL ACTS. (8) CONTINUING TO ACT AS AN INVESTMENT ADVISOR AFTER THE COMMISSION ENTERED A TEMPORARY INJUNCTION.

ALSO AS PART OF THE SETTLEMENT ORDER SEARS NEITHER ADMITTED NOR DENIED THE FOLLOWING ALLEGATIONS; (1) MAKING UNSUITABLE RECOMMENDATIONS; AND (2) EXECUTING UNAUTHORIZED TRANSACTIONS.
FOR FURTHER INFORMATION CONTACT DON MEUNIER AT 804-371-9079.

Reporting Source: Individual

Regulatory Action Initiated By: VIRGINIA STATE CORPORATION COMMISSION

Sanction(s) Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s) Sought: RESTITUTION TO CLIENTS AND RESTRICTED ACTIVITY

Date Initiated: 09/21/2007

Docket/Case Number: SEC-2007-00048

Employing firm when activity occurred which led to the regulatory action: WANDA P. SEARS

Product Type: Other

Other Product Type(s): INVESTMENT ADVICE

Allegations: THE SCC'S DIVISION OF SECURITIES AND RETAIL FRANCHISE, AFTER CONDUCTING AN INVESTIGATION, ISSUED A RULE TO SHOW CAUSE ALLEGING THAT WANDA P. SEARS, CHFC VIOLATED PROVISIONS OF SECTION 13.1-502, 503 AND 504 OF THE VIRGINIA SECURITIES ACT; AND PROVISIONS OF COMMISSION REGULATIONS PROMULGATED THEREUNDER.

Current Status: Final

Resolution: Settled

Resolution Date: 06/04/2008

Sanctions Ordered: Disgorgement/Restitution
Monetary/Fine \$25,000.00

Other Sanctions Ordered: SEARS MUST PAY \$10,000 IN INVESTIGATION COSTS AND MUST MAKE RESTITUTION TO SEVEN VIRGINIA RESIDENTS IN THE AMOUNT OF \$9,998.43 AND AGREED TO LIMITATIONS IMPOSED ON THE CONDUCT OF HER INVESTMENT ADVISORY PRACTICE.

Disclosure 3 of 4

Reporting Source: Regulator

Regulatory Action Initiated By: VIRGINIA - DIVISION OF SECURITIES



Sanction(s) Sought:	Other
Other Sanction(s) Sought:	ORDER FOR TEMPORARY INJUNCTION
Date Initiated:	03/06/2007
Docket/Case Number:	SEC-2007-00005
Employing firm when activity occurred which led to the regulatory action:	NONE
Product Type:	No Product
Other Product Type(s):	
Allegations:	THE DIVISION HAS EVIDENCE THAT INDICATES MS. WANDA SEARS IS CONDUCTING BUSINESS AS AN UNREGISTERED INVESTMENT ADVISOR. THE DIVISION BELIEVES THAT EVEN PRIOR TO TERMINATING HER REGISTRATION WITH H. BECK, INC., MS. SEARS BEGAN THE PROCESS OF MOVING THE ACCOUNTS OF APPROXIMATELY 80 CLIENTS TO AN ON-LINE BROKER'S RETAIL PLATFORM, ESTABLISHING TRADING AUTHORIZATION OVER THOSE ACCOUNTS, AND EXECUTING TRADES IN THOSE ACCOUNTS WITH THE INTENT OF CONTINUING TO MANAGE THOSE ACCOUNTS AS AN INVESTMENT ADVISOR. WHEN NOTIFIED BY THE ON-LINE BROKER THAT THEY WOULD NOT ALLOW HER TO HAVE TRADING AUTHORIZATION OVER THOSE ACCOUNTS, MS. SEARS AGAIN STARTED THE PROCESS OF MOVING THE CLIENT'S ACCOUNTS TO ANOTHER ON-LINE BROKER.
Current Status:	Final
Resolution:	Order
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Resolution Date:	03/06/2007
Sanctions Ordered:	
Other Sanctions Ordered:	TEMPORARY INJUNCTION
Sanction Details:	TEMPORARY INJUNCTION
Regulator Statement	THE MOTION FOR TEMPORARY INJUNCTION WAS ENTERED ON FEBRUARY 8, 2007. MS. SEARS AND HER ATTORNEY RECEIVED A COPY, BUT FAILED TO RESPOND TO THE MOTION. THE ORDER FOR TEMPORARY INJUNCTION WAS ENTERED ON MARCH 6, 2007 FOR A PERIOD OF 120 DAYS. FOR FURTHER INFORMATION CONTACT DON MEUNIER AT 804-371-9079.
Disclosure 4 of 4	
Reporting Source:	Regulator
Regulatory Action Initiated By:	NASD NKA FINRA
Sanction(s) Sought:	Other: N/A
Date Initiated:	06/20/2005



Docket/Case Number: [C0720050042](#)

Employing firm when activity occurred which led to the regulatory action: AMERICAN EXPRESS FINANCIAL ADVISORS, INC.

Product Type: No Product

Allegations: NASD RULES 2110 AND 3030: RESPONDENT WANDA P. SEARS ENGAGED IN OUTSIDE BUSINESS ACTIVITIES WITHOUT GIVING PROMPT WRITTEN NOTICE TO HER MEMBER FIRM; EFFECTED TRANSACTIONS WITHOUT OBTAINING PRIOR AUTHORIZATION FROM THE CUSTOMERS; FORGED CUSTOMERS' SIGNATURES ON DOCUMENTS AND IMPOSED UNAUTHORIZED FEES TO CUSTOMERS FOR INVESTMENT ADVISORY SERVICES.

Current Status: Final

Action Appealed To: SEC

Date Appeal filed: 08/17/2009

Appeal Limitation Details:

Resolution: Decision

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Resolution Date: 10/05/2009

Sanctions Ordered: Suspension

If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise? No

(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?



(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or

(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?

Sanction 1 of 2

Sanction Type:	Suspension
Capacities Affected:	ANY CAPACITY
Duration:	SIX MONTHS
Start Date:	10/19/2009
End Date:	04/19/2010

Sanction 2 of 2

Sanction Type:	Suspension
Capacities Affected:	ANY CAPACITY
Duration:	SIX MONTHS
Start Date:	10/19/2009
End Date:	04/19/2010

Regulator Statement

HEARING PANEL DECISION RENDERED SEPTEMBER 19, 2006, WHEREIN RESPONDENT SEARS IS BARRED FROM ASSOCIATION WITH ANY NASD MEMBER IN ANY CAPACITY FOR VIOLATING NASD RULES 2110 AND 3030 BY MAKING UNAUTHORIZED TRADES IN CUSTOMERS' ACCOUNTS AND ENGAGING IN OUTSIDE BUSINESS ACTIVITIES WITHOUT PROVIDING HER



MEMBER FIRM WITH PROMPT WRITTEN NOTICE. ALTHOUGH THE HEARING PANEL BELIEVED THAT SEARS FORGED CUSTOMERS' SIGNATURES, AS CUSTOMERS TESTIFIED, NASD'S DEPARTMENT OF ENFORCEMENT PROVIDED NO EVIDENCE THAT SEARS COMMITTED THE FORGERIES; THEREFORE, THE HEARING PANEL FOUND THAT ENFORCEMENT FAILED TO PROVE, BY A PREPONDERANCE OF THE EVIDENCE, THAT SEARS WAS RESPONSIBLE FOR FORGING CUSTOMERS' SIGNATURES AND THE UNAUTHORIZED DEDUCTION OF INVESTMENT ADVISORY FEES FROM CUSTOMERS' ACCOUNTS AND DISMISSED THE ALLEGATION.

ON OCTOBER 13, 2006, SEARS APPEALED THE HEARING PANEL'S DECISION TO THE NAC.

NAC DECISION RENDERED SEPTEMBER 24, 2007, WHEREIN THE HEARING PANEL'S FINDINGS WERE AFFIRMED THAT SEARS VIOLATED NASD RULE 2110 BY MAKING UNAUTHORIZED TRADES IN CUSTOMER ACCOUNTS; HOWEVER, THE HEARING PANEL'S FINDINGS WERE MODIFIED TO FIND THAT SEARS AFFECTED 20 UNAUTHORIZED TRADES RATHER THAN AT LEAST 23 UNAUTHORIZED TRADES IN CUSTOMERS' ACCOUNTS. THE HEARING PANEL'S FINDINGS WERE ALSO AFFIRMED THAT SEARS VIOLATED NASD RULES 2110 AND 3030 BY ENGAGING IN OUTSIDE BUSINESS ACTIVITIES FOR COMPENSATION WITHOUT PROVIDING HER MEMBER FIRM WITH PROMPT WRITTEN NOTICE. ACCORDINGLY, SEARS WAS SUSPENDED FOR TWO YEARS FOR THE UNAUTHORIZED TRADING AND FOR SIX MONTHS FOR THE OUTSIDE BUSINESS ACTIVITIES, TO BE SERVED CONCURRENTLY.

ON OCTOBER 24, 2007, SEARS APPEALED THE NAC'S DECISION TO THE SEC.

OPINION OF THE COMMISSION RELEASE 34-58075, JULY 1, 2008: SEC DECISION RENDERED JULY 1, 2008 WHEREIN THE FINDINGS WERE SUSTAINED IN PART AND SET ASIDE IN PART; SANCTIONS IMPOSED WERE SUSTAINED IN PART AND VACATED AND REMANDED IN PART. THE SEC AFFIRMED THE NAC'S SIX-MONTH SUSPENSION FOR UNDISCLOSED OUTSIDE BUSINESS ACTIVITIES AND SUSTAINED FINRA'S FINDINGS THAT SEARS EXECUTED UNAUTHORIZED TRANSACTIONS BUT REDUCED THE NUMBER FROM 20 TO TWO AND REMANDED THE MATTER TO THE NAC FOR A REDETERMINATION OF SANCTIONS IN LIGHT OF THE REDUCED NUMBER OF TRANSACTIONS. (SEC ADMINISTRATIVE CASE 3-1288).

NAC REMAND DECISION RENDERED JULY 23, 2009, WHEREIN SEARS IS SUSPENDED FOR SIX MONTHS FOR UNAUTHORIZED TRADING, AND SUSPENDED FOR SIX MONTHS FOR ENGAGING IN UNDISCLOSED OUTSIDE BUSINESS ACTIVITIES. THE SUSPENSIONS WILL BE SERVED CONCURRENTLY.

ON AUGUST 17, 2009, SEARS FILED AN APPLICATION FOR REVIEW OF THE NAC'S REMAND DECISION WITH THE SEC. ON OCTOBER 1, 2009, SEARS WITHDREW HER APPLICATION, AND THE SEC GRANTED HER WITHDRAWAL ON OCTOBER 5, 2009.

AS A RESULT OF SEAR'S WITHDRAWAL OF HER APPEAL, THE CONCURRENT SIX-MONTH SUSPENSIONS IMPOSED BY THE NAC'S JULY 23, 2009 REMAND DECISION ARE IN EFFECT FROM OCTOBER 19, 2009 THROUGH APRIL 19, 2010.

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Reporting Source:	Individual
Regulatory Action Initiated By:	NASD
Sanction(s) Sought:	Other
Other Sanction(s) Sought:	
Date Initiated:	06/17/2005
Docket/Case Number:	C07050042
Employing firm when activity occurred which led to the regulatory action:	AMERICAN EXPRESS FINANCIAL ADVISORS, INC
Product Type:	No Product
Other Product Type(s):	
Allegations:	NASD RULES 2110 AND 3030; ALLEGATIONS THAT RESPONDENT ENGAGED IN OUTSIDE BUSINESS ACTIVITIES WITHOUT GIVING PROMPT WRITTEN NOTICE TO HER MEMBER FIRM; EFFECTED TWO (2) TRANSACTIONS WITHOUT COMPENSATION OR AUTHORIZATION.
Current Status:	Final
Resolution:	Decision
Resolution Date:	07/01/2008
Sanctions Ordered:	Suspension
Other Sanctions Ordered:	
Sanction Details:	SEC DECISION RENDERED 07/01/2008, CITING RESPONDENT VIOLATED NASD RULES 2110 AND 3030 BY EXECUTING 2 UNAUTHORIZED TRANSACTIONS IN CUSTOMER ACCOUNTS AND ENGAGING IN OUTSIDE BUSINESS ACTIVITY WITHOUT PROVIDING HER MEMBER FIRM PROMPT WRITTEN NOTICE. NO SANCTIONS WERE IMPOSED FOR UNAUTHORIZED TRADES; A 6-MONTH SUSPENSION (ALREADY SERVED) WAS IMPOSED FOR OUTSIDE BUSINESS ACTIVITY. ALTHOUGH THE HEARING PANEL BELIEVED THAT RESPONDENT'S CUSTOMER'S SIGNATURES WERE FORGED, AS THEY TESTIFIED, NASD PROVIDED NO EVIDENCE THAT RESPONDENT COMMITTED THE FORGERIES. THEREFORE, THE HEARING PANEL FOUND THAT NASD FAILED TO PROVE, BY A PREPONDERANCE OF THE EVIDENCE, THAT RESPONDENT WAS RESPONSIBLE FOR THE UNAUTHORIZED DEDUCTION OF INVESTMENT ADVISORY FEES FROM HER CUSTOMER'S ACCOUNTS.
Broker Statement	THE DECISION FROM THE SEC APPEAL RESULTED IN MS. SEARS BEING VINDICATED ON NUMEROUS NASD ALLEGATIONS, RESTORING HER RIGHT TO BE AFFILIATED WITH A MEMBER FIRM IMMEDIATELY.



Investigation

This disclosure event involves any ongoing formal investigation such as a grand jury investigation, a Securities and Exchange Commission investigation, a formal investigation by a self-regulatory organization (e.g., FINRA), or an action or procedure designated as an investigation by a state or other regulator. Subpoenas, preliminary or routine regulatory inquiries, and general requests by these regulatory bodies for information are not considered investigations and therefore are not required to be reported.

Disclosure 1 of 2

Reporting Source: Individual
Initiated By: STATE CORPORATION COMMISSION
Notice Date: 09/19/2007
Details: ALLEGED WORKING AS UNREGISTERED REPRESENTATIVE.
Resolution Date: 09/21/2007

Disclosure 2 of 2

Reporting Source: Firm
Initiated By: VIRGINIA SECURITIES DIVISION
Notice Date: 09/24/2002
Details: THE STATE OF VIRGINIA INITIATED AN INVESTIGATION INTO THE FIRM'S TERMINATION OF THE REPRESENTATIVE. THE FIRM WAS INFORMED BY THE NASD THAT THEY WOULD JOINTLY INVESTIGATE THE REPRESENTATIVE'S ACTIVITIES ALONG WITH THE STATE OF VIRGINIA.

Reporting Source: Individual
Initiated By: VIRGINIA SECURITIES DIVISION
Notice Date: 09/24/2002
Details: THE STATE OF VIRGINIA INITIATED AN INVESTIGATION INTO THE FIRM'S TERMINATION OF THE REPRESENTATIVE. THE FIRM WAS INFORMED BY THE NASD THAT THEY WOULD JOINTLY INVESTIGATE THE REPRESENTATIVE'S ACTIVITIES ALONG WITH THE STATE OF VIRGINIA.



Civil Event

This disclosure event involves an injunction issued by a foreign or domestic court in connection with investment-related activity, a finding by a domestic or foreign court of a violation of any investment-related statute or regulation, or an action dismissed by a domestic or foreign court pursuant to a settlement agreement.

Disclosure 1 of 1

Reporting Source:	Individual
Initiated By:	SCC
Relief Sought:	Civil Penalty(ies)/Fine(s)
Other Relief Sought:	\$10,000 INVESTIGATION FEES.
Date Court Action Filed:	09/19/2007
Product Type:	Options
Other Product Types:	NONE. SCC ALLEGES WANDA SEARS ACTED AS AN UNREGISTERED REPRESENTATIVE.
Court Details:	NONE
Employing firm when activity occurred which led to the action:	NONE
Allegations:	SCC ALLEGES WANDA SEARS ACTED AS AN UNREGISTERED REPRESENTATIVE.
Current Status:	Final
Resolution:	Settled
Resolution Date:	06/04/2008
Sanctions Ordered or Relief Granted:	Monetary/Fine \$25,000.00
Other Sanctions:	SEARS MUST PAY \$10,000 IN INVESTIGATION COSTS AND MUST MAKE RESTITUTION TO SEVEN VIRGINIA RESIDENTS IN THE AMOUNT OF \$9,998.43 AND AGREED TO LIMITATIONS IMPOSED ON THE CONDUCT OF HER INVESTMENT ADVISORY PRACTICE.
Sanction Details:	A PERIOD OF 5 YEARS. REQUIRED TO ENGAGE A CONSULTANT TO ASSIST WITH THE REGISTRATION PROCESS AND PERFORM A MINIMUM OF 2 COMPLIANCE EXAMS DURING THE FIRST YEAR OF REGISTRATION AND REPORT FINDINGS TO THE SCC. SEARS MUST RE-QUALIFY BY SITTING FOR THE S66 EXAM. PROHIBITED FROM STOCK OR MARGIN TRANSACTIONS AND LIMITED TO ONLY MUTUAL FUND TRANSACTIONS DURING THE FIRST YEAR OF REGISTRATION. MUST MAINTAIN CLIENT FILES CONTAINING CLIENT CONTACT INFORMATION AND INVESTMENT POLICY STATEMENTS. A COPY OF THE SETTLEMENT ORDER MUST BE MAILED TO EVERY CLIENT SEARS HAD AT THE TIME SHE LEFT THE EMPLOYMENT OF H. BECK, INC. PROHIBITED FROM CHARGING A TRANSACTION BASED COMPENSATION OR HAVING DISCRETIONARY AUTHORITY OVER CLIENT ACCOUNTS.
Broker Statement	MS. SEARS SETTLED WITH THE SCC, AND THE SCC AGREED TO ALLOW HER STATE REGISTRATION.



Customer Dispute

This section provides information regarding a customer dispute that was reported to the Investment Adviser Registration Depository (IARD) by the Investment Adviser Representative (IAR), an investment adviser and/or securities firm, and/or a securities regulator. The event may include a consumer-initiated, investment-related complaint, arbitration proceeding or civil suit that contains allegations of sales practice violations against the individual.

The customer dispute may be pending or may have resulted in a civil judgment, arbitration award, monetary settlement, closure without action, withdrawal, dismissal, denial, or other outcome.

Disclosure 1 of 21

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: H. BECK, INC.
Allegations: MISMANAGEMENT OF ACCOUNT SERVICES
Product Type: No Product
Alleged Damages: \$0.00

Customer Complaint Information

Date Complaint Received: 02/06/2007
Complaint Pending? No
Status: Closed/No Action
Status Date: 03/16/2007
Settlement Amount:
Individual Contribution Amount:
Firm Statement THIS COMPLAINT WAS CLOSED WITHOUT ACTION BY THE FIRM ON MARCH 16, 2007.

Disclosure 2 of 21

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: H. BECK, INC.
Allegations: CLIENT BELIEVES THE INVESTMENTS WERE UNSUITABLE.
Product Type: Other
Other Product Type(s): EQUITY AND SUITABILITY
Alleged Damages: \$0.00

Customer Complaint Information

Date Complaint Received: 10/30/2006
Complaint Pending? No
Status: Settled
Status Date: 11/29/2006
Settlement Amount: \$9,900.00



Individual Contribution Amount: \$5,000.00

Disclosure 3 of 21

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS INC

Allegations: SUITABILITY ISSUES. ESTATE REPRESENTATIVE (THROUGH ATTORNEY) ALLEGES LOSSES OF \$350,000.00.

Product Type: Mutual Fund(s)

Other Product Type(s): ANNUITY

Alleged Damages: \$350,000.00

Customer Complaint Information

Date Complaint Received: 07/08/2005

Complaint Pending? No

Status: Settled

Status Date: 01/18/2007

Settlement Amount: \$110,000.00

Individual Contribution Amount: \$0.00

Firm Statement
THE FIRM FOUND THAT THE CLIENT'S MUTUAL FUND AND ANNUITY PURCHASES DID APPEAR TO BE SUITABLE. HOWEVER, THE INVESTMENTS WITHIN THE CLIENT'S BROKERAGE ACCOUNT APPEARED TO BE WEIGHTED MORE AGGRESSIVELY THAN CLIENT'S RISK TOLERANCE. THE FIRM WAS UNABLE TO SUBSTANTIATE THAT FINANCIAL ADVICE DELIVERABLES WERE PROVIDED AS AGREED TO. SETTLEMENT OFFER WAS REJECTED.
THIS CASE WAS INITIALLY CLOSED 04/17/06 WHEN OUR SETTLEMENT OFFER WAS REJECTED. ATTORNEY REQUESTED WE REOPEN CASE AND RECONSIDER SETTLEMENT OFFER. THE FIRM AGREED TO THIS REQUEST AND MADE A NEW SETTLEMENT OFFER WHICH WAS ACCEPTED.

Reporting Source: Individual
Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS INC.

Allegations: SUITABILITY ISSUES. ESTATE REPRESENTATIVE (THROUGH ATTORNEY) ALLEGES LOSSES OF \$350,000.00

Product Type: Mutual Fund(s)

Other Product Type(s): ANNUITY

Alleged Damages: \$350,000.00

Customer Complaint Information

Date Complaint Received: 07/08/2005



Complaint Pending? No
Status: Closed/No Action
Status Date: 04/17/2006

Settlement Amount:

Individual Contribution Amount:

Broker Statement THE COMPLAINT WAS CLOSED, WITH NO ACTION. THE FIRM FOUND THAT THE CLIENT'S MUTUAL FUND AND ANNUITY PURCHASES WERE SUITABLE.

Disclosure 4 of 21

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THE ADVISOR RECOMMENDED THE CLIENT MAKE PREMIUM PAYMENTS BELOW THE NECESSARY AMOUNT TO KEEP THE POLICY IN-FORCE AND NEVER DISCLOSED THE EFFECT ON THE POLICY IF THE MARKET DID NOT PERFORM AS WAS NECESSARY.

Product Type: Insurance

Alleged Damages: \$1,695,221.44

Is this an oral complaint? No

Is this a written complaint? Yes

Is this an arbitration/CFTC reparation or civil litigation? No

Customer Complaint Information

Date Complaint Received: 05/24/2012

Complaint Pending? No

Status: Denied

Status Date: 06/11/2012

Settlement Amount:

Individual Contribution Amount:

Firm Statement THE ALLEGATIONS WERE COVERED UNDER THE COURT-APPROVED CLASS ACTION LAWSUIT. THE CLIENT RECEIVED A SETTLEMENT CHECK FOR \$21,179.20. NO FURTHER COMPENSATION CAN BE OFFERED BEYOND THE CLASS ACTION SETTLEMENT.

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THE ADVISOR RECOMMENDED THE CLIENT MAKE PREMIUM PAYMENTS BELOW THE NECESSARY AMOUNT TO KEEP THE



POLICY IN-FORCE AND NEVER DISCLOSED THE EFFECT ON THE POLICY IF THE MARKET DID NOT PERFORM AS WAS NECESSARY.

Product Type: Insurance
Other Product Type(s): VARIABLE UNIVERSAL LIFE INSURANCE
Alleged Damages: \$54,687.20

Customer Complaint Information

Date Complaint Received: 07/13/2004
Complaint Pending? No
Status: Denied
Status Date: 07/15/2004

Settlement Amount:
Individual Contribution Amount:

Broker Statement THE ALLEGATIONS WERE COVERED UNDER THE COURT APPROVED CLASS ACTION LAWSUIT. THE CLIENT RECEIVED A SETTLEMENT CHECK FOR \$21,179.20. NO FURTHER COMPENSATION CAN BE OFFERED BEYOND THE CLASS ACTION SETTLEMENT.

Disclosure 5 of 21

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT'S HEIR ALLEGED THERE WERE UNSUITABLE INVESTMENTS IN HER ACCOUNT AND FINANCIAL PLANNING FEES WERE CHARGED FOR PLANS NOT DELIVERED. THE ALLEGED DAMAGES WERE NOT IMMEDIATELY KNOWN OR SPECIFIED

Product Type: Mutual Fund(s)
Alleged Damages: \$5,000.00

Customer Complaint Information

Date Complaint Received: 10/08/2003
Complaint Pending? No
Status: Closed/No Action
Status Date: 02/26/2004

Settlement Amount:
Individual Contribution Amount:

Firm Statement THE CLIENT, AFTER SEVERAL REQUESTS, FAILED TO PROVIDE DOCUMENTATION THAT MAY HAVE SUPPORTED HER ALLEGATIONS.

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Reporting Source: Individual



Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT'S HEIR ALLEGED THERE WERE UNSUITABLE INVESTMENTS IN HER ACCOUNT AND FINANCIAL PLANNING FEES WERE CHARGED FOR PLANS NOT DELIVERED. THE ALLEGED DAMAGES WERE NOT IMMEDIATELY KNOWN OR SPECIFIED

Product Type: Mutual Fund(s)

Alleged Damages: \$5,000.00

Customer Complaint Information

Date Complaint Received: 10/08/2003

Complaint Pending? No

Status: Closed/No Action

Status Date: 02/26/2004

Settlement Amount:

Individual Contribution Amount:

Broker Statement THE CLIENT, AFTER SEVERAL REQUESTS, FAILED TO PROVIDE DOCUMENTATION THAT MAY HAVE SUPPORTED HER ALLEGATIONS.

Disclosure 6 of 21

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THAT THE ADVISOR EXERCISED DISCRETION OVER HIS INVESTMENTS PORTFOLIO IN OCTOBER 2001. THE CLIENT ALSO INDICATED THAT HE DID NOT SIGN THE BROKERAGE ACCOUNT APPLICATION.

Product Type: Mutual Fund(s)

Other Product Type(s): AXP BROKERAGE ACCOUNT
VARIOUS EQUITY STOCK

Alleged Damages: \$2,025.00

Customer Complaint Information

Date Complaint Received: 01/07/2004

Complaint Pending? No

Status: Settled

Status Date: 03/24/2004

Settlement Amount: \$2,382.35

Individual Contribution Amount: \$0.00

Firm Statement THE CLIENT SUBMITTED AN AFFIDAVIT OF FORGERY BUT THE FORMER ADVISOR STATED THAT SHE DID NOT KNOW HOW THE SIGNATURE GOT ON



THE APPLICATION IF THE CLIENT DID NOT SIGN IT. WE WERE NOT ABLE TO MAKE A DETERMINATION OF WHAT OCCURED WITH REGARD TO THE FORMER ADVISOR'S ACTIONS WITH THE CLIENT AND HIS INVESTMENT PORTFOLIO.

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THAT THE ADVISOR EXERCISED DISCRETION OVER HIS INVESTMENTS PORTFOLIO IN OCTOBER 2001. THE CLIENT ALSO INDICATED THAT HE DID NOT SIGN THE BROKERAGE ACCOUNT APPLICATION.

Product Type: Mutual Fund(s)

Other Product Type(s): AXP BROKERAGE ACCOUNT VARIOUS EQUITY STOCK

Alleged Damages: \$2,025.00

Customer Complaint Information

Date Complaint Received: 01/07/2004

Complaint Pending? No

Status: Settled

Status Date: 03/24/2004

Settlement Amount: \$2,382.35

Individual Contribution Amount: \$0.00

Broker Statement THE CLIENT SUBMITTED AN AFFIDAVIT OF FORGERY BUT THE FORMER ADVISOR STATED THAT SHE DID NOT KNOW HOW THE SIGNATURE GOT ON THE APPLICATION IF THE CLIENT DID NOT SIGN IT. WE WERE NOT ABLE TO MAKE A DETERMINATION OF WHAT OCCURED WITH REGARD TO THE FORMER ADVISOR'S ACTIONS WITH THE CLIENT AND HIS INVESTMENT PORTFOLIO.

Disclosure 7 of 21

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THE RECOMMENDATION OF THE STRATEGIC PORTFOLIO SERVICE ACCOUNT WAS AN UNSUITABLE SALE BASED UPON HER SITUATION.

Product Type: Other

Other Product Type(s): WRAP ACCOUNT

Alleged Damages: \$8,371.00

Customer Complaint Information

Date Complaint Received: 09/11/2002



Complaint Pending? No
Status: Settled
Status Date: 08/19/2003
Settlement Amount: \$40,000.00
Individual Contribution Amount: \$0.00
Firm Statement THE FORMER ADVISOR DID NOT RESPOND TO OUR INQUIRY. THE INVESTMENTS WITHIN THE WRAP ACCOUNT WERE NOT SUITABLE FOR THE CLIENT'S AGE AND RETIREMENT SITUATION.

Reporting Source: Individual
Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS
Allegations: THE CLIENT ALLEGED THE RECOMMENDATION OF THE STRATEGIC PORTFOLIO SERVICE ACCOUNT WAS AN UNSUITABLE SALE BASED UPON HER SITUATION.
Product Type: Other
Other Product Type(s): WRAP ACCOUNT
Alleged Damages: \$8,371.00

Customer Complaint Information

Date Complaint Received: 09/11/2002
Complaint Pending? No
Status: Settled
Status Date: 08/19/2003
Settlement Amount: \$40,000.00
Individual Contribution Amount: \$0.00
Broker Statement MS. SEARS WAS NEVER PERMITTED TO PROVIDE ANY COMMENT OR EVIDENCE UNTIL AFTER HER REGISTERED PRINCIPAL/RIVAL ADVISOR HAD NEGOTIATED THE SETTLEMENT WITH [CUSTOMER]. MS. SEARS ALLEGES THAT [CUSTOMER] GOT NERVOUS IN THE DOT.COM CORRECTION, AND WANTED ALL OF HER MONEY.

Disclosure 8 of 21

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS
Allegations: THE CLIENTS ALLEGED THAT THEY DID NOT AUTHORIZE THEIR INVESTMENTS TO BE ON MARGIN AND DID NOT AUTHORIZE ACCOUNT TRANSACTIONS EXECUTED IN NOVEMBER 2001 AND JANUARY 2002.
Product Type: Other



Other Product Type(s): COMMON STOCK

Alleged Damages: \$5,000.00

Customer Complaint Information

Date Complaint Received: 07/21/2003

Complaint Pending? No

Status: Closed/No Action

Status Date: 10/16/2003

Settlement Amount:

Individual Contribution Amount:

Firm Statement

THE FIRM FOUND NO EVIDENCE TO SUPPORT THAT THE TRANSACTIONS IN NOV 2001 AND JAN 2002 WERE AUTHORIZED. THE CLIENTS RECEIVED CONFIRMATIONS AND ACCOUNT STATEMENTS BUT THEY CHOSE NOT TO CONTACT US WITH THEIR CONCERNS FOR OVER A YEAR. MARGIN WAS A STANDARD FEATURE WHEN THE ACCOUNT WAS SET UP IN 1996, THE CLIENTS DID NOT REQUEST TO HAVE THE MARGIN ACCOUNT RESTRICTED. A SETTLEMENT OFFER WAS PROPOSED BUT THE CLIENTS DID NOT RESPOND TO OUR OFFER.

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENTS ALLEGED THAT THEY DID NOT AUTHORIZE THEIR INVESTMENTS TO BE ON MARGIN AND DID NOT AUTHORIZE ACCOUNT TRANSACTIONS EXECUTED IN NOVEMBER 2001 AND JANUARY 2002.

Product Type: Other

Other Product Type(s): COMMON STOCK

Alleged Damages: \$5,000.00

Customer Complaint Information

Date Complaint Received: 07/21/2003

Complaint Pending? No

Status: Closed/No Action

Status Date: 10/16/2003

Settlement Amount:

Individual Contribution Amount:

Disclosure 9 of 21

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS



Allegations: CLIENT CLAIMS A PURCHASE OF AOL STOCK WAS MADE WITHOUT HER APPROVAL.

Product Type: Other

Other Product Type(s): EQUITY

Alleged Damages: \$21,758.00

Customer Complaint Information

Date Complaint Received: 07/24/2003

Complaint Pending? No

Status: Settled

Status Date: 09/22/2003

Settlement Amount: \$21,852.00

Individual Contribution Amount: \$0.00

Firm Statement THE FORMER ADVISOR DID NOT RESPOND TO OUR INQUIRY. THERE WAS NO DOCUMENTATION IN THE CLIENT FILE ILLUSTRATING THE CLIENT PROVIDED HER APPROVAL FOR THIS TRANSACTION.

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: CLIENT CLAIMS A PURCHASE OF AOL STOCK WAS MADE WITHOUT HER APPROVAL.

Product Type: Other

Other Product Type(s): EQUITY

Alleged Damages: \$21,758.00

Customer Complaint Information

Date Complaint Received: 07/24/2003

Complaint Pending? No

Status: Settled

Status Date: 09/22/2003

Settlement Amount: \$21,852.00

Individual Contribution Amount: \$0.00

Broker Statement MS. SEARS WAS NEVER PERMITTED TO PROVIDE ANY COMMENT OR EVIDENCE PRIOR TO SETTLEMENT WITH [CUSTOMER]. MS. SEARS ALLEGES THAT [CUSTOMER] REGRETTED PURCHASING AOL DURING THE DOT.COM CORRECTION. THE SEC RULED THAT MS. SEARS DID NOT ENGAGE IN UNAUTHORIZED TRADING IN THIS PURCHASE FOR [CUSTOMER], AND MS. SEARS RECEIVED NO SANCTIONS.



Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS
Allegations: THE CLIENTS CLAIMED THEIR FORMER ADVISOR DID NOT PLACE THEIR PORTFOLIO IN A MORE CONSERVATIVE POSITION.
Product Type: Mutual Fund(s)
Alleged Damages: \$354,066.00

Customer Complaint Information

Date Complaint Received: 04/09/2002
Complaint Pending? No
Status: Denied
Status Date: 05/21/2003

Settlement Amount:

Individual Contribution Amount:

Firm Statement THE FIRM FOUND NO SUPPORT FOR THE CLIENT'S CLAIM THAT THEY ASKED THEIR ADVISOR FOR A MORE CONSERVATIVE PORTFOLIO. THE ADVISOR WAS NOT ALLOWED TO MAKE INVESTMENT DECISIONS WITHOUT DIRECT AUTHORIZATION OR DIRECTION FROM THE CLIENT.

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Reporting Source: Individual
Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS
Allegations: THE CLIENTS CLAIMED THEIR FORMER ADVISOR DID NOT PLACE THEIR PORTFOLIO IN A MORE CONSERVATIVE POSITION.
Product Type: Mutual Fund(s)
Alleged Damages: \$354,066.00

Customer Complaint Information

Date Complaint Received: 04/09/2002
Complaint Pending? No
Status: Denied
Status Date: 05/21/2003

Settlement Amount:

Individual Contribution Amount:

Disclosure 11 of 21

Reporting Source: Firm



Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT QUESTIONED WHY HER TWO FIXED ANNUITIES WERE SURRENDERED, AND WHY THE FORMER ADVISOR CHARGED HER FOR TAX PREPARATION.

Product Type: Annuity(ies) - Fixed

Alleged Damages: \$0.00

Customer Complaint Information

Date Complaint Received: 05/22/2002

Complaint Pending? No

Status: Settled

Status Date: 01/21/2003

Settlement Amount: \$11,000.00

Individual Contribution Amount: \$0.00

Firm Statement THE FORMER ADVISOR DID NOT RESPOND TO OUR INQUIRY. OUR REVIEW FOUND DOCUMENTATION THE FORMER ADVISOR CHARGED \$1000.00 FOR TAX PREPARATION. THE SURRENDER OF THE FIXED ANNUITIES WAS NOT SUITABLE FOR THE CLIENT AND CAUSED \$10000.00 IN TAX CONSEQUENCES.

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT QUESTIONED WHY HER TWO FIXED ANNUITIES WERE SURRENDERED, AND WHY THE FORMER ADVISOR CHARGED HER FOR TAX PREPARATION.

Product Type: Annuity(ies) - Fixed

Alleged Damages: \$0.00

Customer Complaint Information

Date Complaint Received: 05/22/2002

Complaint Pending? No

Status: Settled

Status Date: 01/21/2003

Settlement Amount: \$11,000.00

Individual Contribution Amount: \$0.00

Broker Statement MS. SEARS WAS NEVER PERMITTED TO PROVIDE ANY COMMENT OR EVIDENCE UNTIL AFTER THE REGISTERED PRINCIPAL/RIVAL ADVISOR HAD NEGOTIATED THE SETTLEMENT WITH [CUSTOMER]. HAD MS. SEARS BEEN GIVEN THE OPPORTUNITY, SHE WOULD HAVE PROVIDED EVIDENCE THAT [CUSTOMER] WITHDREW MONEY FROM HER ANNUITIES TO MAKE GIFTS



TO HER GRANDCHILDREN, AND THAT HER TAX LIABILITY WAS SIGNIFICANTLY DUE TO THE HIGH AMOUNT OF CAPITAL GAINS IN HER MUTUAL FUNDS.

Disclosure 12 of 21

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT'S TWO POA'S ALLEGED THE SIGNATURE OF THE FINANCIAL PLANNING/SERVICE AGREEMENT WAS NOT THE CLIENT'S.

Product Type: Other

Other Product Type(s): FINANCIAL PLAN
SERVICE AGREEMENT

Alleged Damages: \$0.00

Customer Complaint Information

Date Complaint Received: 05/28/2002

Complaint Pending? No

Status: Settled

Status Date: 01/08/2003

Settlement Amount: \$600.00

Individual Contribution Amount: \$0.00

Firm Statement THE FORMER ADVISOR DID NOT RESPOND TO OUR INQUIRY. OUR REVIEW FOUND THAT THE CLIENT IS BLIND AND CANNOT SIGN DOCUMENTS. THE CLIENT WAS REIMBURSED HER FINANCIAL PLANNING FEE.

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Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT'S TWO POA'S ALLEGED THE SIGNATURE OF THE FINANCIAL PLANNING/SERVICE AGREEMENT WAS NOT THE CLIENT'S.

Product Type: Other

Other Product Type(s): FINANCIAL PLAN SERVICE AGREEMENT

Alleged Damages: \$0.00

Customer Complaint Information

Date Complaint Received: 05/28/2002

Complaint Pending? No

Status: Settled

Status Date: 01/08/2003

Settlement Amount: \$600.00



Complaint Amount: \$0.00

Individual Contribution Amount: \$0.00

Disclosure 13 of 21

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THAT THE FORMER ADVISOR HAD HIM SIGN BLANK DOCUMENTS WITH THE INTENTION OF TRANSFERRING MONEY BETWEEN ACCOUNTS. THE CLIENT ALLEGES THE ADVISOR PERFORMED AN UNAUTHORIZED LIQUIDATION OF OVER \$10000.00 AND THEN CONDUCTED AN UNAUTHORIZED PURCHASE OF AOL STOCK. AS A RESULT, THE CLIENT ALLEGES APPROXIMATELY \$6500.00 IN MARKET LOSSES AND FEES.

Product Type: Mutual Fund(s)

Alleged Damages: \$6,500.00

Customer Complaint Information

Date Complaint Received: 08/21/2002

Complaint Pending? No

Status: Settled

Status Date: 10/28/2002

Settlement Amount: \$6,120.14

Individual Contribution Amount: \$0.00

Firm Statement THE FORMER ADVISOR DID NOT RESPOND TO OUR INQUIRY. THERE WAS NO DOCUMENTATION BY THE FORMER ADVISOR TO SUPPORT INVESTMENT SUITABILITY, THAT THE CLIENT WAS INVOLVED AND PROVIDED HIS CONSENT FOR THE TRANSACTIONS OR WAS GIVEN DISCLOSURE INFORMATION. THE CLIENT ACCEPTED THE FIRM'S OFFER FOR REIMBURSEMENT OF LOSSES.

Reporting Source: Individual
Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORSS

Allegations: THE CLIENT ALLEGED THAT THE FORMER ADVISOR HAD HIM SIGN BLANK DOCUMENTS WITH THE INTENTION OF TRANSFERRING MONEY BETWEEN ACCOUNTS. THE CLIENT ALLEGES THE ADVISOR PERFORMED AN UNAUTHORIZED LIQUIDATION OF OVER \$10000.00 AND THEN CONDUCTED AN UNAUTHORIZED PURCHASE OF AOL STOCK. AS A RESULT, THE CLIENT ALLEGES APPROXIMATELY \$6500.00 IN MARKET LOSSES AND FEES.

Product Type: Mutual Fund(s)

Alleged Damages: \$6,500.00

Customer Complaint Information

Date Complaint Received: 08/21/2002



Complaint Pending? No
Status: Settled
Status Date: 10/28/2002
Settlement Amount: \$6,120.14
Individual Contribution Amount: \$0.00

Disclosure 14 of 21

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THE ADVISOR DELAYED TRANSFERRING HER ACCOUNTS TO ANOTHER INSTITUTION, RESULTING IN LOSSES.

Product Type: Mutual Fund(s)
Other Product Type(s): BROKERAGE ACCOUNT
Alleged Damages: \$19,780.00

Customer Complaint Information

Date Complaint Received: 07/29/2002
Complaint Pending? No
Status: Settled
Status Date: 11/26/2002
Settlement Amount: \$8,500.00
Individual Contribution Amount: \$0.00

Firm Statement
 THE CLIENT DECLINED OUR OFFER OF \$5000.00 AS REIMBURSEMENT FOR APPROXIMATELY HALF OF THE LOSSES SHE INCURRED BETWEEN THE DATE SHE VERBALLY REQUESTED THE TRANSFER (SEPT. 10, 2001) AND THE DATE THE TRANSFER WAS PROCESSED (SEPT. 20, 2001). THE REVIEW FOUND THE CLIENT EXPRESSED HER CONCERNS WITH THE MARKET ON SEPT. 10, 2001. THE ADVISOR DID NOT OFFER THE CLIENT THE OPPORTUNITY TO MOVE HER INVESTMENTS TO CASH UNTIL THE TRANSFER PAPERWORK WAS RECEIVED, NOR DID THE CLIENT INQUIRE ABOUT HOW SHE COULD PROTECT HER INVESTMENT UNTIL THE TRANSFER PAPERWORK WAS RECEIVED AND PROCESSED.
 OUR REVIEW FOUND THE ADVISOR DID NOT GIVE OPTIONS TO THE CLIENT TO PROTECT HER AGAINST LOSSES DURING THE TRANSFER OF ASSETS.

Reporting Source: Individual
Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS
Allegations: THE CLIENT ALLEGED THE ADVISOR DELAYED TRANSFERRING HER ACCOUNTS TO ANOTHER INSTITUTION, RESULTING IN LOSSES.



Product Type: Mutual Fund(s)
Other Product Type(s): BROKERAGE ACCOUNT

Alleged Damages: \$19,780.00

Customer Complaint Information

Date Complaint Received: 07/29/2002

Complaint Pending? No

Status: Settled

Status Date: 11/26/2002

Settlement Amount: \$8,500.00

Individual Contribution Amount: \$0.00

Disclosure 15 of 21

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THAT HE DID NOT SIGN THE ANNUITY APPLICATION ON JANUARY 4, 2001 AND SUBMITTED AN AFFIDAVIT OF FORGERY

Product Type: Annuity(ies) - Fixed

Alleged Damages: \$47,295.44

Customer Complaint Information

Date Complaint Received: 07/10/2002

Complaint Pending? No

Status: Settled

Status Date: 10/14/2003

Settlement Amount: \$10,139.09

Individual Contribution Amount: \$0.00

Firm Statement WE COULD NOT MAKE A DETERMINATION OF THE FORMER ADVISOR'S ACTIONS IN THE MATTER. WE OFFERED TO WAIVE THE SURRENDER CHARGES ON THE CURRENT MARKET VALUE FOR THE CLIENT'S CURRENT ANNUITY BUT THE CLIENT DID NOT RESPOND TO OUR SETTLEMENT OFFER (04/04/2003).
THE CLIENT ACCEPTED OUR SETTLEMENT OFFER IN OCTOBER OF 2003

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THAT HE DID NOT SIGN THE ANNUITY APPLICATION



ON JANUARY 4, 2001 AND SUBMITTED AN AFFIDAVIT OF FORGERY.

Product Type: Annuity(ies) - Fixed

Alleged Damages: \$47,295.44

Customer Complaint Information

Date Complaint Received: 07/10/2002

Complaint Pending? No

Status: Settled

Status Date: 10/14/2003

Settlement Amount: \$10,139.09

Individual Contribution Amount: \$0.00

Broker Statement

MS. SEARS HIRED A HANDWRITING ANALYSIS FIRM WHO PROVIDED A WRITTEN REPORT THAT [CUSTOMER] SIGNED HIS OWN NAME, AND THE SIGNATURES WERE NOT A FORGERY. MS. SEARS ALLEGES THAT [CUSTOMER], A REAL ESTATE AGENT, WANTED HIS MONEY OUT OF ANNUITIES TO BUY REAL ESTATE. THE NASD FOUND NO EVIDENCE OF FORGERY.

Disclosure 16 of 21

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THE FORMER ADVISOR ALLOWED FOR THEIR SIGNATURES TO BE FORGED 17 TIMES DURING THE TIME SHE WAS OVERSEEING THEIR ACCOUNTS. FURTHER, SHE PURCHASED XO COMMUNICATIONS STOCK WITHOUT THEIR KNOWLEDGE, AND RECOMMENDED \$20000.00 OF OPTICAL CABLE STOCK THAT IS NOW WORTHLESS. THE CLIENTS HAVE REQUESTED COMPENSATION FOR THEIR LOSSES.

Product Type: Other

Other Product Type(s): BROKERAGE ACCOUNTS, OPTICAL CABLE STOCK, AND XO COMMUNICAITONS

Alleged Damages: \$20,000.00

Customer Complaint Information

Date Complaint Received: 06/14/2002

Complaint Pending? No

Status: Closed/No Action

Status Date: 04/22/2003

Settlement Amount:

Individual Contribution Amount:

Firm Statement

THE FIRM WAS UNABLE TO SUBSTANTIATE THE FORGERY ALLEGATIONS. THE LOSS IN VALUE OF THE OPTICAL CABLE STOCK WAS DUE TO POOR



MARKET PERFORMANCE. WE OFFERED TO REFUND THE XO COMMUNICATIONS. THE CLIENT DID NOT RESPOND TO OUR OFFER. WE CLOSED OUR FILE.

Reporting Source: Individual
Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THE FORMER ADVISOR ALLOWED FOR THEIR SIGNATURES TO BE FORGED 17 TIMES DURING THE TIME SHE WAS OVERSEEING THEIR ACCOUNTS. FURTHER, SHE PURCHASED XO COMMUNICATIONS STOCK WITHOUT THEIR KNOWLEDGE, AND RECOMMENDED \$20000.00 OF OPTICAL CABLE STOCK THAT IS NOW WORTHLESS. THE CLIENTS HAVE REQUESTED COMPENSATION FOR THEIR LOSSES.

Product Type: Other
Other Product Type(s): BROKERAGE ACCOUNTS, OPTICAL CABLE STOCK, AND XO COMMUNICAITONS

Alleged Damages: \$20,000.00

Customer Complaint Information

Date Complaint Received: 06/14/2002
Complaint Pending? No
Status: Closed/No Action
Status Date: 04/22/2003
Settlement Amount: \$0.00
Individual Contribution Amount: \$0.00

Disclosure 17 of 21

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THAT THE FORMER ADVISOR INVESTED HER MONEY INTO HIGH RISK INVESTMENTS RESULTING IN LOSSES. THE CLIENT STATES SHE IS A LOW-RISK AND CONSERVATIVE INVESTOR.

Product Type: Other
Other Product Type(s): WRAP BROKERAGE ACCOUNT, NON-QUALIFIED ANNUITY

Alleged Damages: \$100,000.00

Customer Complaint Information

Date Complaint Received: 05/22/2002
Complaint Pending? No
Status: Settled



Status Date: 12/19/2002

Settlement Amount: \$90,741.54

Individual Contribution Amount: \$0.00

Firm Statement THE FORMER ADVISOR DID NOT RESPOND TO OUR INQUIRY. THE CLIENT SIGNED AFFIDAVITS OF FORGERY FOR HER ACCOUNT APPLICATIONS AND FINANCIAL PLANNING AGREEMENTS. OUR REVIEW FOUND THAT THE CLIENT WAS NOT DELIVERED OF A FINANCIAL PLAN. IN ADDITION, THE INVESTMENTS IN THE CLIENT'S PORTFOLIO DID NOT ALIGN WITH HER RISK TOLERANCE, GOALS/OBJECTIVES, TIME HORIZON, INCOME/LIQUIDITY NEEDS, AND INVESTMENT HISTORY.

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THAT THE FORMER ADVISOR INVESTED HER MONEY INTO HIGH RISK INVESTMENTS RESULTING IN LOSSES. THE CLIENT STATES SHE IS A LOW-RISK AND CONSERVATIVE INVESTOR.

Product Type: Other

Other Product Type(s): WRAP BROKERAGE ACCOUNT, NON-QUALIFIED ANNUITY

Alleged Damages: \$100,000.00

Customer Complaint Information

Date Complaint Received: 05/22/2002

Complaint Pending? No

Status: Settled

Status Date: 12/19/2002

Settlement Amount: \$90,741.54

Individual Contribution Amount: \$0.00

Broker Statement MS. SEARS WAS NEVER PERMITTED TO PROVIDE ANY COMMENT OR EVIDENCE UNTIL AFTER THE REGISTERED PRINCIPAL/RIVAL ADVISOR HAD NEGOTIATED THE SETTLEMENT WITH [CUSTOMER]. THE SEC RULED THAT MS. SEARS DID NOT ENGAGE IN UNAUTHORIZED TRADING IN [CUSTOMER'S] ACCOUNT AND THERE WERE NO UNSUITABILITY VIOLATIONS.

Disclosure 18 of 21

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENTS ALLEGED THE ADVISOR WAS NEGLIGENT IN THE HANDLING OF THEIR FUNDS, RESULTING IN SIGNIFICANT LOSSES.

Product Type: Mutual Fund(s)



Other Product Type(s): VARIABLE ANNUITIES, AXP BROKERAGE ACCOUNT

Alleged Damages: \$171,200.00

Customer Complaint Information

Date Complaint Received: 05/15/2002

Complaint Pending? No

Status: Settled

Status Date: 02/03/2003

Settlement Amount: \$82,000.00

Individual Contribution Amount: \$0.00

Firm Statement THE FORMER ADVISOR DID NOT RESPOND TO OUR INQUIRY. THE ADVISOR PLACED THE CLIENTS INTO INVESTMENTS THAT WERE NOT SUITABLE BASED UPON THEIR INVESTMENT HISTORY, RISK TOLERANCE, INCOME/LIQUIDITY NEEDS AND FINANCIAL GOALS/OBJECTIVES.

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENTS ALLEGED THE ADVISOR WAS NEGLIGENT IN THE HANDLING OF THEIR FUNDS, RESULTING IN SIGNIFICANT LOSSES.

Product Type: Mutual Fund(s)

Other Product Type(s): VARIABLE ANNUITIES, AXP BROKERAGE ACCOUNT

Alleged Damages: \$171,200.00

Customer Complaint Information

Date Complaint Received: 05/15/2002

Complaint Pending? No

Status: Settled

Status Date: 02/03/2003

Settlement Amount: \$82,000.00

Individual Contribution Amount: \$0.00

Broker Statement MS. SEARS WAS NEVER PERMITTED TO PROVIDE ANY COMMENT OR EVIDENCE UNTIL AFTER THE REGISTERED PRINCIPAL/RIVAL ADVISOR HAD NEGOTIATED THE SETTLEMENT WITH [CUSTOMERS]. MS. SEARS CONTENDS, THAT WHILE IT IS UNFORTUNATE THE CUSTOMERS SUFFERED LOSSES IN THE DOT.COM CORRECTION, THEY REFUSED TO CURB THEIR SPENDING OR REBALANCE THEIR PORTFOLIO.

Disclosure 19 of 21

Reporting Source: Firm



Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THE ADVISOR PURCHASED AOL STOCK WITHOUT HER KNOWLEDGE, SHOULD HAVE BENEFITED FROM A BREAKPOINT AND QUESTIONED THE OVERALL FEES ASSESSED. IN ADDITION, THE CLIENT QUESTIONED THE SUITABILITY OF HER INVESTMENTS. THE CLIENT REQUESTED TO BE REIMBURSED THE LOSS IN HER AOL ACCOUNT OF \$4500.00 AND SHE SUSTAINED A DROP IN VALUE OF HER INVESTMENTS OF \$100000.00.

Product Type: Mutual Fund(s)

Other Product Type(s): STRATEGIC PORTFOLIO SERVICE ADVANTAGE SEP IRA

Alleged Damages: \$4,500.00

Customer Complaint Information

Date Complaint Received: 04/29/2002

Complaint Pending? No

Status: Settled

Status Date: 01/27/2003

Settlement Amount: \$46,151.78

Individual Contribution Amount: \$0.00

Firm Statement THE FORMER ADVISOR DID NOT RESPOND TO OUR INQUIRY. OUR REVIEW FOUND THE INVESTMENT ADVICE WAS UNSUITABLE AND REALLOCATIONS WERE NOT PROCESSED PER THE CLIENT'S REQUEST. IN ADDITION, THERE WAS AN UNAUTHORIZED TRANSACTION IN THE CLIENT'S ACCOUNT.

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENT ALLEGED THE ADVISOR PURCHASED AOL STOCK WITHOUT HER KNOWLEDGE, SHOULD HAVE BENEFITED FROM A BREAKPOINT AND QUESTIONED THE OVERALL FEES ASSESSED. IN ADDITION, THE CLIENT QUESTIONED THE SUITABILITY OF HER INVESTMENTS. THE CLIENT REQUESTED TO BE REIMBURSED THE LOSS IN HER AOL ACCOUNT OF \$4500.00 AND SHE SUSTAINED A DROP IN VALUE OF HER INVESTMENTS OF \$100000.00.

Product Type: Mutual Fund(s)

Other Product Type(s): STRATEGIC PORTFOLIO SERVICE ADVANTAGE SEP IRA

Alleged Damages: \$4,500.00

Customer Complaint Information

Date Complaint Received: 04/29/2002

Complaint Pending? No

Status: Settled



Status Date: 01/27/2003

Settlement Amount: \$46,151.78

Individual Contribution Amount: \$0.00

Broker Statement MS. SEARS WAS NEVER PERMITTED TO PROVIDE ANY COMMENT OR EVIDENCE UNTIL AFTER THE REGISTERED PRINCIPAL/RIVAL ADVISOR HAD NEGOTIATED THE SETTLEMENT WITH [CUSTOMER]. MS. SEARS BELIEVES IT IS UNFORTUNATE THAT [CUSTOMER] LOST VALUE IN THE DOT.COM CORRECTION; HOWEVER, [CUSTOMER] REFUSED TO ALTER HER PORTFOLIO IN ANY WAY EXCEPT TO PURCHASE A SINGLE STOCK SHE ALLEGES WAS UNAUTHORIZED.

Disclosure 20 of 21

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENTS ALLEGE THE FORMER ADVISOR CAUSED THEM IRS PENALTIES; INVESTED THEIR MONEY WITHOUT THEIR CONSENT INTO HIGH RISK STOCKS CAUSING LOSSES; AND ATTEMPTED TO MOVE THEIR ACCOUNTS AWAY FORM AEFA TO THE ADVISOR'S NEEW FIRM. THE CLIENTS ALSO STATE THEY WERE NOT ADVISED OF A PLANNING FEE AND THAT SOMEONE ELSE SIGNED THE APPLICATION FORM FOR THIS FEE.

Product Type: Mutual Fund(s)

Other Product Type(s): FINANCIAL PLANNING SERVICE AGREEMENT

Alleged Damages: \$111,266.00

Customer Complaint Information

Date Complaint Received: 05/02/2002

Complaint Pending? No

Status: Settled

Status Date: 10/28/2002

Settlement Amount: \$72,816.79

Individual Contribution Amount: \$0.00

Firm Statement THE FORMER ADVISOR DID NTO RESPOND TO OUR INQUIRY. THE CLIENTS' SIGNED AN AFFIDAVIT OF FORGERY FOR THE FINANCIAL PLAN AGREEMENT. THERE WAS NO DOCUMENTATION TO SUPPORT THE SUITABILTIY OF THE INVESTMENTS EXECUTED BY THE FORMER ADVISOR, OR THAT DISCLOSURE WAS PROVIDED TO, AND/OR CONSENT OBTAINED FROM THE CLIENTS FOR THESE TRANSACTIONS. IT APPEARED THE FORMER ADVISOR REMOVED MONEY FROM THE WRONG IRA ACCOUNT CAUSING IRS PENALTIES. THE CLIENTS ACCEPTED OUR OFFER TO BE REIMBURSED FOR LOSSES AND IRS EARLY WITHDRAWAL PENALTIES.

Reporting Source: Individual



Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE CLIENTS ALLEGE THE FORMER ADVISOR CAUSED THEM IRS PENALTIES; INVESTED THEIR MONEY WITHOUT THEIR CONSENT INTO HIGH RISK STOCKS CAUSING LOSSES; AND ATTEMPTED TO MOVE THEIR ACCOUNTS AWAY FROM AEFA TO THE ADVISOR'S NEW FIRM. THE CLIENTS ALSO STATE THEY WERE NOT ADVISED OF A PLANNING FEE AND THAT SOMEONE ELSE SIGNED THE APPLICATION FORM FOR THIS FEE.

Product Type: Mutual Fund(s)

Other Product Type(s): FINANCIAL PLANNING SERVICE AGREEMENT

Alleged Damages: \$111,266.00

Customer Complaint Information

Date Complaint Received: 05/02/2002

Complaint Pending? No

Status: Settled

Status Date: 10/28/2002

Settlement Amount: \$72,816.79

Individual Contribution Amount: \$0.00

Broker Statement MS. SEARS WAS NEVER PERMITTED TO PROVIDE ANY COMMENT OR EVIDENCE UNTIL AFTER THE REGISTERED PRINCIPAL/RIVAL ADVISOR HAD NEGOTIATED THE SETTLEMENT WITH [CUSTOMERS]. MS. SEARS CONTENDS, THAT WHILE IT IS UNFORTUNATE THE CUSTOMERS SUFFERED LOSSES IN THE DOT.COM CORRECTION, THEY REFUSED TO CURB THEIR SPENDING OR REBALANCE THEIR PORTFOLIO.

Disclosure 21 of 21

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: AMERICAN EXPRESS FINANCIAL ADVISORS

Allegations: THE DECEASED CLIENT'S DAUGHTER ALLEGED THAT THE AXP CASH MANAGEMENT INVESTMENT APPLICATION WAS FILLED OUT FOR HER BY SOMEONE IN MY OFFICE. IN ADDITION, THE SIGNATURE AND CHECK MARKS ON THE FORM ARE NOT HERS. FURTHER, SHE ALLEGED THAT THE DEATH CLAIM STATEMENT INDICATED A LUMP SUM TO IDS INVESTMENTS WITHOUT HER KNOWLEDGE.

Product Type: Money Market Fund(s)

Alleged Damages: \$0.00

Customer Complaint Information

Date Complaint Received: 08/16/1999

Complaint Pending? No

Status: Denied

Status Date: 01/03/2000



Settlement Amount: \$0.00

Individual Contribution Amount: \$0.00

Broker Statement

OUR CASE REVIEW FOUND THAT WE COULD NOT DETERMINE WHETHER OR NOT THE CLIENT'S AXP CASH MANAGEMENT INVESTMENT APPLICATION WAS FILLED OUT BY THE ADVISOR OR SOMEONE IN HER OFFICE. THE ADVISOR CLAIMS SHE NOR DID ANYONE IN HER OFFICE FILL OUT THE CLIENT'S INVESTMENT APPLICATION. OUR REVIEW FOUND THAT THE ADVISOR DID NOT GAIN ANYTHING FINANCIALLY FROM THIS INVESTMENT TRANSACTION. THE CLIENT'S ALLEGATION REGARDING A LUMP SUM TO IDS INVESTMENTS WITHOUT THE CLIENT'S KNOWLEDGE WAS ALSO DIFFICULT FOR US TO ASCERTAIN. HOWEVER, WE DID MAKE CORRECTIONS TO HER ACCOUNTS PER THE CLIENT'S WISHES.



Termination

This disclosure event involves a situation where the Investment Adviser Representative voluntarily resigned, was discharged or was permitted to resign after allegations were made that accused the Investment Adviser Representative of violating investment-related statutes, regulations, rules or industry standards of conduct; fraud or the wrongful taking of property; or failure to supervise in connection with investment-related statutes, regulations, rules or industry standards of conduct.

Disclosure 1 of 1

Reporting Source:	Individual
Firm Name:	AMERICAN EXPRESS FINANCIAL
Termination Type:	Discharged
Termination Date:	04/05/2002
Allegations:	ALLEGES THAT SHE VIOLATED NUMEROUS COMPANY COMPLIANCE POLICIES.
Product Type:	Mutual Fund(s)
Other Product Types:	



End of Report

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