

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, JANUARY 29, 2016

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2015-00061

AMERIPRISE FINANCIAL SERVICES, INC.,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Ameriprise Financial Services, Inc. ("Defendant"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Jeffrey Scott Davis ("Davis") (CRD #3081852) was a registered agent who resided in the Commonwealth of Virginia ("Virginia") and whose last business address was in Virginia Beach. From 2000 until 2013, Davis was associated with the Defendant (CRD #6363), a registered broker-dealer in Virginia. Beginning in May 2012 and continuing until June 2013, money was withdrawn from the accounts of five of Davis's elderly clients and directly benefited Davis either in terms of payments towards Davis's credit cards or checks written from the accounts and made payable to Davis's company. Approximately \$200,000 was withdrawn from the five accounts in 87 separate transactions.

Section 1.2 of the Defendant's Written Supervisory Procedures Manual directs field registered principals to conduct client file reviews. The same section also requires Davis's supervisor to complete supervisory client calls. According to the Defendant, Davis was under a "Heightened Supervision Plan" during the entire time in question.

In June 2013, one of the affected clients contacted the Defendant regarding the transactions in her account. The Defendant suspended Davis on or around June 26, 2013, and conducted an internal investigation. Subsequently, the Defendant terminated Davis on or around July 18, 2013. The Defendant also contacted the five clients whose accounts had been affected and reimbursed each client, with interest.

Based on the investigation, the Division alleges the Defendant violated:

(i) 21 VAC 5-20-260 B of the Commission's Rules governing Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.* ("Rules"), by failing to exercise diligent supervision over the securities activities of its agent; and (ii) Rule 21 VAC 5-260 D (2) of the Rules by failing to frequently examine all customer accounts to detect and prevent irregularities or abuses.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

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

(1) The Defendant will pay to the Treasurer of Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of Ten Thousand Dollars (\$10,000) in monetary penalties.

(2) The Defendant will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Four Thousand Dollars (\$4,000) to defray the cost of investigation.

(3) The Defendant will not violate the Act or Rules in the future.

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

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

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

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

(3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
 Suzanne M. Taylor, Vice President & Group Counsel, 5221 Ameriprise Financial Center,
 Minneapolis, Minnesota 55474; and a copy shall be delivered to the Commission's Office of
 General Counsel and Division of Securities and Retail Franchising.

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Defendant

ADMISSION AND CONSENT

Ameriprise Financial Services, Inc. ("Defendant"), admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof and, neither admitting nor denying the allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance and entry of the foregoing Settlement Order ("Order").

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

Ameriprise Financial Services, Inc.

Date: 1-25-2016

By:


Suzanne M. Taylor
Vice President & Group Counsel