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FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

LETTER OF ACCEPTANCE, WAIVER AND CONSENT

NO. 20070071181

FINRA District 4

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2008 JUN 23 12:25

To: Department of Enforcement
FINRA

Re: Ameriprise Financial Services, Inc.
Member
CRD No. 6363

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, Ameriprise Financial Services, Inc. submits this Letter of Acceptance, Waiver and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Ameriprise alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. Ameriprise hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

Background

Ameriprise has been a FINRA member since November 1972. Ameriprise conducts a general securities business from its main office located in Minneapolis, Minnesota. Ameriprise has not been the subject of prior formal disciplinary action by FINRA that is relevant to this matter.

Overview

Ameriprise violated NASD Marketplace Rule 6230 and NASD Conduct Rule 2110 by failing to properly report corporate bond transactions in the Trade Reporting and Compliance Engine (TRACE) reporting system in December 2005, January 2006 and December 2006.

Facts and Violative Conduct

1. FINRA staff reviewed 60 corporate bond transactions executed by Ameriprise in December 2005, January 2006 and December 2006. Ameriprise incorrectly reported ten of these transactions as principal capacity trades in the TRACE reporting system, when in fact these ten transactions were agency capacity trades.
2. FINRA staff also reviewed the TRACE trade reporting detail for the corporate bond transactions executed by Ameriprise in December 2005, January 2006 and December 2006. Ameriprise failed to report the yields for 72 of its corporate bond transactions in the TRACE reporting system during these three months.

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3. In addition, Ameriprise failed to report both the customer-side and dealer-side trades of 29 corporate bond transactions in the TRACE reporting system in December 2005, January 2006 and December 2006.
4. Through this conduct, Ameriprise violated NASD Marketplace Rule 6230 and NASD Conduct Rule 2110.

B. Ameriprise also consents to the imposition of the following sanctions:

- A censure and a \$10,000 fine.

Ameriprise agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Ameriprise has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Ameriprise specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II. WAIVER OF PROCEDURAL RIGHTS

Ameriprise specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against Ameriprise;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Ameriprise specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Ameriprise further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of NASD Rule 9143 or the separation of functions prohibitions of NASD Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III. OTHER MATTERS

Ameriprise understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Ameriprise; and
- C. If accepted:
 - 1. this AWC will become part of Ameriprise's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Ameriprise;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Ameriprise's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and
 - 4. Ameriprise may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Ameriprise may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Ameriprise's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Ameriprise may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Ameriprise understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Ameriprise certifies that it has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a complaint, has been made to induce Ameriprise to submit it.

AMERIPRISE FINANCIAL SERVICES, INC.**Date**

By:

Reviewed by:

Counsel for Ameriprise Financial Services, Inc.

Accepted by FINRA:

**Signed on behalf of the Director of ODA,
by delegated authority**

Date _____

James M. Stephens, Senior Regional Counsel