

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. EAF0300920002

TO: Department of Enforcement
NASD

RE: Janney Montgomery Scott LLC, Respondent
BD No. 463

Pursuant to Rule 9216 of the NASD Code of Procedure, Janney Montgomery Scott LLC ("Janney" or "the firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against Janney alleging violations based on the same factual findings.

Janney understands that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Enforcement and National Adjudicatory Council ("NAC"), Review Subcommittee or Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Janney; and
3. If accepted:
 - a. this AWC will become part of Janney's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against Janney;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Janney's disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and
 - d. Janney 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 allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects the Respondent's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a

party.

Janney also understands that the firm's experience in the industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

Janney is a broker-dealer with its home office located in Philadelphia, Pennsylvania. The firm was founded in 1832 and has been registered with the Association since October 16, 1936. The firm is a wholly-owned subsidiary of The Penn Mutual Life Insurance Company. There currently are approximately 1,230 registered personnel in its 85 branch offices. Janney has no disciplinary history relevant to this matter.

I.

WAIVER OF PROCEDURAL RIGHTS

Janney specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against it;
- 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Janney 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.

Janney further specifically and voluntarily waives any right to claim that a person violated the *ex parte* prohibitions of Rule 9143 or the separation of functions prohibitions of 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.

II.

ACCEPTANCE AND CONSENT

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

Summary

During the period from approximately May 2000 through September 2003, Janney, through the actions of the manager of its Brooklyn, New York office ("the Brooklyn branch manager") permitted two institutional clients (the "Hedge Fund Clients") to evade attempts by mutual fund companies to block or restrict the Hedge Fund Clients' market timing transactions. "Market timing" is the practice of short-term buying and selling of mutual fund shares to exploit inefficiencies in mutual fund pricing. Market timing can be costly and disruptive to mutual funds and can harm long-term investors.

The Hedge Fund Clients were customers of the Brooklyn branch manager. That individual undertook a number of efforts to assist the Hedge Fund Clients in evading the restrictions placed on market timing by mutual funds. Among other things, the Brooklyn branch manager suggested deceptive strategies that could be employed by the customers to evade restrictions of mutual funds on market timing, opened multiple accounts for the Hedge Fund Clients to enable them to market time mutual funds without detection, used different broker numbers and different addresses for the accounts, and placed trades in related accounts to escape detection by the mutual funds.

The Hedge Fund Clients were able to effect approximately 1,600 market timing transactions in mutual funds after the firm or the Brooklyn branch manager had received notices from those fund companies stating that certain accounts of the Hedge Fund Clients were restricted from effecting additional mutual fund exchanges and that such activity was harmful to the mutual funds. As a result of these activities, the Hedge Fund Clients were able to execute market timing transactions in accounts at Janney that yielded approximately \$1 million in profits at the expense of long-term investors of the mutual funds.

The activities of Janney in permitting the market timing activities of the Hedge Fund Clients, as described above, were contrary to high standards of commercial honor and just and equitable principles of trade, and Janney thereby violated Conduct Rule 2110. Janney also failed to respond to red flags that market timing was occurring, despite the efforts of mutual funds to stop that activity, and failed to establish and maintain a supervisory system and written procedures reasonably designed to detect and prevent deceptive market timing transactions, in violation of Conduct Rules 3010(a) and (b) and 2110.

Janney also failed to establish and maintain a supervisory system and written procedures reasonably designed to detect and prevent late trading in mutual fund transactions and, as a

result, violated Conduct Rules 3010(a) and (b) and 2110. "Late trading" is the practice of accepting and entering orders to buy or sell mutual fund shares after 4:00 p.m. Eastern Time, the time at which mutual funds typically calculate their net asset value ("NAV"), while providing those transactions with the price based on the NAV already determined as of 4:00 p.m. Eastern Time.¹

Janney also failed to create records reflecting the time of receipt of mutual fund orders as required beginning May 2, 2003, and failed to create required records showing mutual fund exchanges for certain accounts. As a result, Janney violated Section 17(a) of the Exchange Act, Rules 17a-3(a)(1), 17a-3(a)(6), 17a-4(a), and 17a-4(b)(1) thereunder, and NASD Conduct Rules 3110 and 2110.

In October 2003, Janney responded to an NASD request for information about market timing and late trading by identifying certain problems in the area of late trading but stating that no one at the firm had engaged in or otherwise encouraged market timing activities. The letter further stated that the individual who signed the letter was not aware of communications between mutual funds and Janney regarding market timing. As noted above, extensive market timing activities had occurred at Janney and the firm had received numerous communications from mutual funds concerning market timing. However, Janney failed to make adequate inquiry when responding to the request because the firm did not have a supervisory system or written procedures reasonably designed to ensure that it conducted adequate due diligence or made sufficient inquiry when responding to regulatory inquiries. As a result, Janney violated Conduct Rules 3010(a) and (b) and 2110.

Background

Market Timing

Unlike securities listed on an exchange, the NAV of most mutual funds currently is calculated only once per day, based upon closing prices at 4:00 p.m. Eastern Time. This regimen for determining NAV provides market timers the opportunity to engage in arbitrage based on market information not reflected in that day's net asset value. To do this, market timers typically buy and sell shares in mutual funds on a short-term basis, realizing quick gains and then retreating to the previous market position. Market timing is not illegal *per se*. It can harm mutual fund shareholders, however, because it can dilute the value of their shares, by, among other things, removing profits that would otherwise be shared by all the shareholders, requiring the fund to keep a larger percentage of highly liquid assets to cover redemptions, or by increasing the transaction costs for the fund. Long-term fund investors may ultimately bear the burden of paying these costs. In addition, trading profits obtained by market timers can result in losses to long-term mutual fund shareholders.

In an effort to minimize the negative effects of market timing, as disclosed in mutual fund prospectuses, many mutual fund companies maintain policies and procedures to detect and

¹ Late trading is a violation of Rule 22c-1 under the Investment Company Act of 1940 and NASD Rule 2110.

prevent market timing. Many of the selling agreements between the fund companies and Janney provided that Janney would act in accordance with the terms and conditions of the prospectuses, most of which contained prohibitions or restrictions against market timing. The majority of the prospectuses stated that the funds were not designed for short term trading or market timing, that market timing can have an adverse impact on a fund and can harm long term investors, that market timing was prohibited, that market timing was limited to a certain number of roundtrip transactions, or contained similar language.

Many mutual fund companies monitor trading activity for market timing and attempt to enforce restrictions and limitations on market timing through written and oral communications, or notices. The notices vary from reminders as to the fund company's market timing policies and procedures, to warnings that an account is permitted one more transaction, to absolute restrictions from effecting additional transactions in the securities of that fund company ("block notices").

At times, market timers employ a number of strategies to attempt to avoid detection and continue market timing after a mutual fund has attempted to prevent future trading activity. These strategies include opening and trading in multiple related accounts and using different names, Tax ID numbers, broker numbers, and addresses. Market timers undertake these efforts in an attempt to gain more market timing capacity, or increased access to market timing opportunities in any given fund company.

Deceptive Market Timing Practices

Hedge Fund Client #1

A broker at another firm referred Hedge Fund Client #1 to the Brooklyn branch manager. The broker informed him that Hedge Fund Client #1 was a market timer. The Brooklyn branch manager knew the customer was market timing in accounts at other firms and was interested in opening additional accounts at Janney so that it could gain the ability to effect more market timing transactions. Hedge Fund Client #1 ultimately opened eight related accounts at Janney with the Brooklyn branch manager as the broker. Six of the accounts had a different name and different Tax ID number.

The Brooklyn branch manager used two different broker numbers when opening these eight accounts. On May 7, 2000, the Brooklyn branch manager opened three accounts for Hedge Fund Client #1 using his own broker number, BK08. On August 28, 2000, he opened an additional four accounts using broker number BK 28, a number he shared with his brother. Finally, on April 1, 2002, he opened one additional account using broker number BK08.

Hedge Fund Client #1 engaged in extensive market timing activities at Janney. During the relevant period, Hedge Fund Client #1 effected 11,085 transactions in 32 different mutual fund families. As described in detail below, 582 of these transactions were improper because they occurred after mutual funds had sent notices prohibiting future transactions by Hedge Fund Client #1.

Upon opening its first accounts at Janney, Hedge Fund Client #1 began to engage in multiple and rapid trades, frequently making trades in the same fund on the same day. This caused operational difficulties for Janney because the firm's systems required three days for each trade to settle. Accordingly, in June 2000, the firm engaged in a process it referred to as "de-networking" Hedge Fund Client #1's accounts. This allowed the trades to be settled on the next day (referred to as "T+1"). De-networking involved the transfer of the account's position in a mutual fund directly to the mutual fund company, thereby removing the position from Janney's system.

For de-networked accounts, the initial purchase of mutual fund shares was processed through Janney's systems. Janney received commissions for these trades. Janney then transferred the account's position to the mutual fund company, which was able to process the transactions on a T+1 basis. Once the position was transferred to the fund company, the Brooklyn branch manager or his assistant dealt directly with the fund companies – usually by telephone - to execute exchanges. When the account wanted to sell its position, the shares were transferred back to its account at Janney for processing.

The five accounts that Hedge Fund Client # 1 later established with Janney were opened as de-networked accounts. Although Janney's decision to de-network the accounts was driven by operational concerns, it had the effect of aiding Hedge Fund Client #1's market timing activities by allowing it to effect transactions more easily on a short-term basis.

The Brooklyn branch manager or his assistant suggested strategies by which Hedge Fund Client #1 might gain market timing capacity and avoid detection by the fund companies. Among other things, they suggested opening additional accounts as a way of trading in mutual funds that had already restricted the customer's accounts. They also suggested that additional broker numbers could be used to open additional accounts, and recommended that the customer wait a certain number of days after the initial purchase with a fund family before starting to effect market timing transactions, limit exchanges to a certain number per month, or keep transactions under a certain dollar amount. The Brooklyn branch manager also suggested certain mutual funds that were easier to market time because that fund company's monitoring efforts were not effective.

The Brooklyn branch manager or Janney received a total of 95 block notices from 21 mutual fund companies prohibiting future transactions by Hedge Fund Client #1 due to its market timing activities. Despite these block notices, Hedge Fund Client #1, through the actions described above, effected an additional 582 transactions in these fund companies by continuing to trade through Janney in undisclosed related accounts.

Hedge Fund Client #2

Hedge Fund Client #2 was referred to the Brooklyn branch manager by the same broker who referred Hedge Fund Client #1. The Brooklyn branch manager knew that this customer, like Hedge Fund Client #1, was a market timer and was interested in opening accounts with him to gain more market timing capacity. He opened a total of eleven related accounts for Hedge Fund Client # 2. Each of the accounts had a different name and different Tax ID number. The

first two accounts were opened on October 19, 2000, two more were added on January 15, 2002, one was added on February 5, 2002, two were added on March 4, 2002, and the final four were added on October 29, 2002. All eleven accounts were opened as de-networked accounts. As with Hedge Fund Client #1, the denetworking of the accounts was driven by operational concerns but had the effect of aiding the customer's market timing activities by allowing it to effect transactions more easily on a short-term basis.

During the relevant period, Hedge Fund Client #2 effected 3,714 transactions in 38 different mutual fund families. As described in detail below, 1,014 of these transactions were improper because they occurred after mutual funds had sent notices prohibiting future transactions by Hedge Fund Client #2.

After receiving a block notice from a fund company for a particular account, Hedge Fund Client #2 continued to market time that fund in one or more of its other accounts. In addition, as with Hedge Fund Client #1, the Brooklyn branch manager and his assistant suggested strategies by which Hedge Fund Client #2 might be able to gain market timing capacity by avoiding detection by the fund companies. The Brooklyn branch manager also changed the addresses of record on ten of Hedge Fund Client #2's accounts in an attempt to prevent certain mutual fund companies from identifying Hedge Fund Client #2 as a market timer associated with previously-restricted accounts.

The Brooklyn branch manager or Janney received a total of 98 block notices from 23 mutual fund companies prohibiting future transactions by Hedge Fund Client #2 due to its market timing activities. Despite these block notices, Hedge Fund Client #2, through the actions described above, effected an additional 1,014 transactions in these fund companies by continuing to trade through Janney in undisclosed related accounts.

Market Timing – Violations of Rule 2110 by Janney

As described above, through the actions of the Brooklyn branch manager, Janney permitted the two Hedge Fund Clients to engage in 1,596 transactions with mutual funds after block notices had been received from those mutual funds prohibiting such trading. The profits received by the two Hedge Fund Clients from this trading totaled approximately \$1 million.

Janney was aware that the Hedge Fund Clients were engaging in market timing activity. Janney also knew that the prospectuses and selling agreements for the mutual funds contained restrictions or limitations on market timing. Janney had also received numerous notices from the mutual funds prohibiting future market timing by the Hedge Fund Clients and stating that such activities were harmful to the funds. Despite this, the Hedge Fund Clients continued to engage in extensive market timing activity through Janney. In addition, as described above, the firm's Brooklyn branch manager and his assistant undertook a number of efforts to assist the Hedge Fund Clients in evading the restrictions placed on market timing by mutual funds.

As a result of these activities, Janney failed to adhere to high standards of commercial honor and just and equitable principles of trade, and thereby violated NASD Rule 2110.

**Janney Failed to Establish and Maintain Systems and Procedures
Reasonably Designed to Prevent and Detect Deceptive Market Timing Practices**

As described above, the Hedge Fund Clients engaged in extensive market timing activity at Janney. Janney or the firm's Brooklyn branch manager received numerous block notices. Many of these were communicated directly to the Brooklyn branch manager, while others were sent to both the Brooklyn branch manager and to Janney's Operations Department. Notices received by the Operations Department were also generally forwarded to the Compliance Department, the registered representative for the account identified in the notice, and the branch office or regional manager.

Despite the receipt of these notices, Janney had no supervisory system or written procedures to prevent or detect deceptive market timing practices. During the relevant period, Janney's policies and procedures did not require its brokers to notify the Compliance Department, or any other department of the firm, when they received a block notice. As a result, the firm was not aware of the block notices that were communicated directly to the Brooklyn branch manager. In addition, even though the notices that were communicated to the Operations Department were circulated to others at Janney, the firm had no policies or procedures setting forth how the firm should respond to the block notices. There was no system for enforcing or tracking the many notices that were received, and the firm had no procedures describing how to handle or respond to those notices.

Janney also failed to respond adequately to "red flags" the firm received that the Brooklyn branch manager and the Hedge Fund Clients were engaged in improper market timing practices. As noted above, Janney received dozens of notices from mutual funds prohibiting market timing. In addition, prospectuses and selling agreements for the mutual funds at issue contained restrictions or limitations on market timing. However, despite the receipt of numerous block notices, the provisions of the prospectuses and selling agreements, and the continued trading activity by the Hedge Fund Clients, Janney failed to take effective action to address the improper market timing activities. Moreover, because Janney did not require that any of the transactions effected by de-networked accounts be entered into any Janney system or listed on any report, the firm was unable to monitor or review that trading activity.

As a result of the foregoing, Janney failed to establish, maintain or enforce supervisory systems and written procedures that were reasonably designed to prevent deceptive market timing activities such as those described herein. Janney therefore violated NASD Rules 3010 (a) and (b) and 2110.

Janney Failed to Establish and Maintain Systems and Procedures Reasonably Designed to Prevent and Detect Late Trading

Mutual fund trades received from customers after 4:00 p.m. Eastern Time must be priced at the next day's NAV. The purpose of this "forward pricing" rule is to place all purchasers of mutual fund shares on equal footing as to price and information on any one day. Broker-dealers that accept and enter late trades for their customers unfairly provide the possibility of an information advantage over other investors based on after-close news that could affect the mutual fund's holdings, but which is not reflected in the NAV pricing for that day. *Member firms executing mutual fund orders must establish and maintain supervisory systems and procedures reasonably designed to detect and prevent the occurrence of late trading.*

During the relevant period, Janney failed to establish, maintain or enforce supervisory systems and written procedures that were reasonably designed to prevent and detect late trading. Janney's systems did not prevent or restrict representatives from accepting and entering orders received from customers after 4:00 p.m. Eastern Time and providing those orders the current day's NAV. Instead, under the system as it existed at Janney, orders for mutual fund trades could be entered until 4:30 p.m. Eastern Time, thirty minutes after the market close. Janney had no systems or procedures in place to ensure compliance even with that policy, however, and could not prevent or detect orders entered after 4:30 p.m.

Janney's written procedures also failed to instruct representatives that late trading was prohibited. Janney failed to have procedures in place regarding the time mutual fund orders could be placed into its order entry system, representatives were not required to enter orders promptly after receipt, and the firm's written supervisory procedures did not require supervisory review or approval of mutual fund orders submitted after 4:00 p.m. Eastern Time. The firm also conducted no surveillance or auditing efforts to ensure that late trades were not being executed and processed.²

As a result of the foregoing, Janney violated NASD Rules 3010(a) and (b) and 2110.

Janney Failed to Create Records Reflecting the Time of Receipt of Mutual Fund Orders

As of May 2, 2003, Exchange Act Rules 17a-3(a)(6) and 17a-4(b)(1) required member firms to create and preserve records reflecting the time of receipt of orders to purchase or sell securities, including shares of mutual funds. Despite this requirement, Janney failed to create and maintain records reflecting the time of receipt of orders to purchase or sell mutual fund shares from May 2, 2003 through September 18, 2003.

As a result of the foregoing, Janney violated Section 17(a) of the Exchange Act, Rules

² During the period from January 1, 2003 to December 31, 2003, Janney processed approximately 278,950 mutual fund orders. Of these, approximately 7,156 orders, or 596 per month, on average, were processed after 4:00 p.m. where the firm's records contained no indication that the orders were received before 4:00 p.m.

17a-3(a)(6) and 17a-4(b)(1) thereunder, and Conduct Rules 3110 and 2110.

Janney Failed to Create Records for the De-Networked Accounts

Exchange Act Rules 17a-3(a)(1) and 17a-4(a) and NASD Rule 3110 require member firms to create and retain documents containing itemized daily records of mutual fund exchanges. As described above, Janney failed to create any records of the exchanges effected by its de-networked accounts. As a result, Janney violated Section 17(a) of the Exchange Act, Rules 17a-3(a)(1) and 17a-4(a) thereunder, and NASD Conduct Rules 3110 and 2110.

Janney Failed to Establish and Maintain Systems and Procedures Reasonably Designed to Ensure that it Conducted Adequate Due Diligence for its Responses to Regulatory Inquiries

By letter dated September 10, 2003, NASD requested that Janney provide information relating to late trading and market timing. With regard to market timing, NASD's letter asked whether Janney or any associated person had promoted market timing activities, encouraged customers to engage in market timing transactions, or communicated with any mutual fund or mutual fund affiliate concerning market timing activities.

By letter dated October 15, 2003, Janney's Assistant Director of Compliance responded on behalf of the firm. The letter identified certain problems in the area of late trading but stated that "neither Janney nor any associated person has promoted any market timing service in investment company securities or otherwise has encouraged customers to engage in market timing transactions in investment company securities." The letter also stated that the Assistant Director of Compliance was "not aware of any communications between Janney or any associated person and any investment company or investment company affiliate concerning late trading transactions or market timing."

As described in detail above, extensive market timing activity had occurred at Janney. In addition, the Brooklyn branch manager had promoted and encouraged market timing and had facilitated hundreds of improper market timing transactions. Janney and the Brooklyn branch manager had also received numerous communications from mutual funds concerning market timing. Janney's October 15, 2003 response was therefore inaccurate.

Janney failed to make adequate inquiries or conduct sufficient due diligence when responding to NASD's request. The firm did not have effective policies and procedures, including written procedures, to ensure that adequate inquiry and due diligence was conducted when responding to regulatory requests for information. Janney also failed to establish clear procedures for reviewing responses to regulatory requests to ensure that they were accurate.

It is important that firms have effective procedures for responding to regulatory inquiries and are thus able to conduct searching and comprehensive inquiries in response to such requests. Janney's failure to establish an adequate supervisory system contributed to the firm's inaccurate response to NASD's request regarding market timing activities.

Janney failed to establish and maintain a supervisory system and written procedures reasonably designed to ensure that it conducted adequate due diligence for its responses to regulatory inquiries. As a result, Janney violated NASD Rules 3010(a) and (b) and 2110.

Sanctions

Janney consents to the imposition, at a maximum, of the following sanctions:

1. A censure.
2. A fine of \$1,200,000.
3. Within 90 calendar days of the issuance of this AWC, Janney shall pay \$998,285.81 in restitution to compensate the fund companies for the amounts listed on Schedule A, attached hereto and incorporated herein, and to return the profits received by the Hedge Fund Clients through the improper market timing activity described above. Within 90 calendar days of the issuance of this AWC, an officer of Janney shall certify to NASD that payments to the fund companies in the amounts listed on Schedule A have been made and shall provide NASD with copies of cancelled checks or other documents evidencing such payment.
4. Within 30 calendar days after issuance of this AWC, an officer of Janney shall certify to NASD that the firm has reviewed its procedures regarding market timing, late trading, recordkeeping, and responses to regulatory inquiries and has established systems and procedures reasonably designed to achieve compliance with the laws, regulations, and rules concerning those matters and to ensure that prospectus fund exchange limits and provisions of selling agreements are enforced.

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

III.

OTHER MATTERS

- A. Janney understands that it may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Janney 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 NASD, nor does it reflect the views of NASD, or its staff.
- B. Janney agrees to pay any monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payments are due and payable, and it has attached an Election of Payment form showing the method by it proposes to pay any fine imposed.

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

The undersigned certifies that they have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce them to submit it.

Date: 7/7/05

Janney Montgomery Scott LLC
Respondent

By: Howard B. Scherer
Howard B. Scherer
Senior Vice President

Reviewed by:

Christian R. Bartholomew
Christian R. Bartholomew
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, NW
Washington, D.C. 20004
Counsel for Respondent Janney Montgomery Scott LLC

Accepted by NASD

7/21/05
Date

Thomas R. Johnson
Department of Enforcement
on behalf of the Director of ODA, pursuant
to delegated authority

Schedule A

Fund Family	Fund Name	Fund Symbol	Residuals
AIM	AIM INVT SECS FDS INC **	AGOVX	\$17,102.43
AIM	AIM TAX-FREE INTERMEDIATE FUND	AITFX	\$14,437.22
AIM	AIM MUNICIPAL BOND FUND	AMBDX	\$17,085.26
ASAF	ASAF DEAM SMALL-CAP GROWTH A	DAMAX	\$454.92
ASAF	ASAF GABELLI SMALL-CAP VALUE	GASVX	\$8,922.22
ASAF	ASAF PIMCO TOTAL RETURN BOND	TARBX	\$697.05
Evergreen	GLOBAL OPPORTUNITIES	EKGAX	\$368.77
Evergreen	EVERGREEN INTL TR **	EKZAX	\$1,130.16
Federated	FEDERATED INTL SER INC**	FTITX	\$193,173.96
Franklin Templeton	FRANKLIN CUST US GOVT **	FKSUX	\$12,064.53
Franklin Templeton	TEMPLETON DEVELOPING **	TEDMX	\$474.88
Franklin Templeton	TEMPLETON GL OPPS TR FUND	TEGOX	\$504.84
Franklin Templeton	TEMPLETON FUNDS INC **	TEMFX	\$42,938.71
Franklin Templeton	TEMPLETON GLOBAL SM CO FUND	TEMGX	\$8,176.45
Franklin Templeton	TEMPLETON GROWTH FUND - CLASS A	TEPLX	\$25,473.79
Goldman Sachs	INTERNATIONAL EQUITY FUND	GSIFX	\$102,977.96
Hartford, The	THE HARTFORD GLOBAL HEALTH FUND	HGHAX	\$607.44
Hartford, The	HARTFORD MUT FDS INC **	IHOAX	\$156.78
Hartford, The	THE HARTFORD SMALL COMPANY FUND-A	IHSAX	\$1,702.78
ING	ING FDS TR MD **	NHYFX	\$10,095.18
John Hancock	HANCOCK JOHN BD TRUST **	JHHBX	\$14,061.00
MFS	MFS GLOBAL EQUITY FUND	MWEFX	\$18,438.51
Munder	MUNDER HEALTHCARE FUND	MFHAX	\$2,194.22
Munder	MUNDER MICRO-CAP EQUITY FUND	MMEAX	\$627.76
PIMCO	NFJ SMALL-CAP VALUE	PCVAX	\$8,081.40
PIMCO	PEA OPPORTUNITY	POPAX	\$2,971.18
PIMCO	TOTAL RETURN	PTTAX	\$13,019.13
Putnam	PUTNAM INTL GROWTH FDXXX	POVSX	\$476,017.71
Putnam	PUTNAM TAX EXEMPT INCOME	PTAEX	\$3,669.61
Wells Fargo	SMALL CAP GROWTH FUND	SOCAX	\$669.96
Total			\$998,295.81