

BrokerCheck Report

AMERICAN GENERAL EQUITY SERVICES CORPORATION

CRD# 5435

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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.

About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck 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 broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

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

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

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Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. [For more information about FINRA, visit www.finra.org.](http://www.finra.org)



AMERICAN GENERAL EQUITY SERVICES CORPORATION

CRD# 5435

SEC# 8-15847

Main Office Location

2727-A ALLEN PARKWAY
2-G7
HOUSTON, TX 77019

Mailing Address

2727-A ALLEN PARKWAY
2-G7
HOUSTON, TX 77019

Business Telephone Number

713-831-1938

Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a corporation.

This firm was formed in Delaware on 03/04/1970.

Its fiscal year ends in December.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations

This brokerage firm is no longer registered with FINRA or a national securities exchange.

Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	5

The number of disclosures from non-registered control affiliates is 12

Registration Withdrawal Information

This section provides information relating to the date the brokerage firm ceased doing business and the firm's financial obligations to customers or other brokerage firms.



Date firm ceased business: 06/28/2013

Does this brokerage firm owe any money or securities to any customer or brokerage firm? No



Firm Profile

This firm is classified as a corporation.

This firm was formed in Delaware on 03/04/1970.

Its fiscal year ends in December.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

AMERICAN GENERAL EQUITY SERVICES CORPORATION

Doing business as AMERICAN GENERAL EQUITY SERVICES CORPORATION

CRD# 5435

SEC# 8-15847

Main Office Location

2727-A ALLEN PARKWAY
2-G7
HOUSTON, TX 77019

Mailing Address

2727-A ALLEN PARKWAY
2-G7
HOUSTON, TX 77019

Business Telephone Number

713-831-1938



Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

Direct Owners and Executive Officers

Legal Name & CRD# (if any):	AMERICAN GENERAL LIFE INSURANCE COMPANY
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	OWNER
Position Start Date	10/2002
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	BLEWS, LAURENCE EUGENE 1958916
Is this a domestic or foreign entity or an individual?	Individual
Position	VICE PRESIDENT, CHIEF COMPLIANCE OFFICER, DIRECTOR
Position Start Date	08/2006
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	

Legal Name & CRD# (if any):	FORTIN, MARY JANE BARTOLOTTA 4648706
Is this a domestic or foreign entity or an individual?	Individual
Position	CHAIRMAN, DIRECTOR
Position Start Date	10/2009



Firm Profile

Direct Owners and Executive Officers (continued)

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): GATESMAN, RICHARD JOHN II
2162534

Is this a domestic or foreign entity or an individual? Individual

Position PRESIDENT, CHIEF EXECUTIVE OFFICER, DIRECTOR

Position Start Date 06/2010

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company?

Legal Name & CRD# (if any): JENNINGS, KYLE

Is this a domestic or foreign entity or an individual? Individual

Position SECRETARY

Position Start Date 11/2008

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): OSMONSON, DEANNA DEE
1961054

Firm Profile



Direct Owners and Executive Officers (continued)

Is this a domestic or foreign entity or an individual?	Individual
Position	VICE PRESIDENT, ANTI-MONEY LAUNDERING COMPLIANCE OFFICER
Position Start Date	08/2006
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	

Legal Name & CRD# (if any):	REINER, JOHN JAY 4052196
Is this a domestic or foreign entity or an individual?	Individual
Position	TREASURER, CONTROLLER, FINOP
Position Start Date	12/2012
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	



Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

Indirect Owners

Legal Name & CRD# (if any):	AGC LIFE INSURANCE COMPANY
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	AMERICAN GENERAL LIFE INSURANCE COMPANY
Relationship to Direct Owner	100% SHAREHOLDER
Relationship Established	12/1991
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	AIG LIFE HOLDINGS
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	AGC LIFE INSURANCE COMPANY
Relationship to Direct Owner	100% SHAREHOLDER
Relationship Established	01/1995
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	AMERICAN INTERNATIONAL GROUP, INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity

Firm Profile



Indirect Owners (continued)

Company through which indirect ownership is established SAFG RETIREMENT SERVICES, INC.

Relationship to Direct Owner OWNER

Relationship Established 08/2001

Percentage of Ownership 75% or more

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? Yes

Legal Name & CRD# (if any): SAFG RETIREMENT SERVICES, INC.

Is this a domestic or foreign entity or an individual? Domestic Entity

Company through which indirect ownership is established AIG LIFE HOLDINGS

Relationship to Direct Owner 100% SHAREHOLDER

Relationship Established 04/2012

Percentage of Ownership 75% or more

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.



Firm Operations



Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

This firm is no longer registered.

The firm's registration was from 11/17/1970 to 10/11/2013.



Firm Operations

Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 1 type of business.

Types of Business

Other - PRINCIPAL UNDERWRITER AND WHOLESALE BROKER/DEALER FOR VARIABLE PRODUCTS ISSUED THROUGH SEPARATE ACCOUNTS OF AFFILIATED LIFE INSURANCE COMPANIES.

Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.

This firm does not engage in other non-securities business.

Non-Securities Business Description:

Firm Operations



Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does not refer or introduce customers to other brokers and dealers.

Firm Operations

Industry Arrangements



This firm does not have books or records maintained by a third party.

This firm does not have accounts, funds, or securities maintained by a third party.

This firm does not have customer accounts, funds, or securities maintained by a third party.

Control Persons/Financing

This firm does not have individuals who control its management or policies through agreement.

This firm does not have individuals who wholly or partly finance the firm's business.



Firm Operations

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

This firm is, directly or indirectly:

- in control of
 - controlled by
 - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

WOODBURY FINANCIAL SERVICES, INC. is under common control with the firm.

CRD #:	421
Business Address:	7755 3RD STREET NORTH OAKDALE, MN 55128
Effective Date:	12/01/2012
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	"APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG".

AIG GLOBAL CAPITAL MARKETS SECURITIES, LLC is under common control with the firm.

CRD #:	157767
Business Address:	50 DANBURY ROAD WITON, CT 06897
Effective Date:	03/28/2012
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	THIS SECURITIES FIRM AND AGESC ARE BOTH UNDER CONTROL OF AIG

Firm Operations



Organization Affiliates (continued)

VISION2020 WEALTH MANAGEMENT CORP. is under common control with the firm.

CRD #:	154149
Business Address:	ONE WORLD FINANCIAL CENTER 15TH FLOOR NEW YORK, NY 10281
Effective Date:	06/21/2010
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG.

AIG ASSET MANAGEMENT (EUROPE) LIMITED is under common control with the firm.

Business Address:	5TH FLOOR ONE CURZON STREET LONDON, UNITED KINGDOM W1J 5RT
Effective Date:	01/04/2010
Foreign Entity:	Yes
Country:	UNITED KINGDOM
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG.

AIG ASSET MANAGEMENT (U.S.), LLC is under common control with the firm.

CRD #:	150088
Business Address:	180 MAIDEN LANE NEW YORK, NY 10038
Effective Date:	05/13/2009
Foreign Entity:	No
Country:	

Firm Operations



Organization Affiliates (continued)

Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG.

SAGEPOINT FINANCIAL, INC. is under common control with the firm.

CRD #:	133763
Business Address:	2800 N. CENTRAL AVENUE SUITE 2100 PHOENIX, AZ 85004-1072
Effective Date:	05/26/2005
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG.

AIG FINANCIAL SECURITIES CORP. is under common control with the firm.

CRD #:	21774
Business Address:	100 NYALA FARM WESTPORT, CT 06880
Effective Date:	08/29/2001
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG.

AIG ASSET MANAGEMENT (IRELAND) LIMITED is under common control with the firm.

Firm Operations



Organization Affiliates (continued)

Business Address: AIG CENTER
NORTH WALL QUAY
DUBLIN-1, IRELAND 99999

Effective Date: 05/25/1989

Foreign Entity: Yes

Country: IRELAND

Securities Activities: No

Investment Advisory Activities: Yes

Description: APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG.

ROYAL ALLIANCE ASSOCIATES, INC. is under common control with the firm.

CRD #: 23131

Business Address: 733 THIRD AVENUE
NEW YORK, NY 10017

Effective Date: 08/29/2001

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG.

FSC SECURITIES CORPORATION is under common control with the firm.

CRD #: 7461

Business Address: 2300 WINDY RIDGE PARKWAY
SUITE 1100
ATLANTA, GA 30339

Effective Date: 08/29/2001

Foreign Entity: No

Country:

Firm Operations



Organization Affiliates (continued)

Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG.

SUNAMERICA CAPITAL SERVICES, INC. is under common control with the firm.

CRD #:	13158
Business Address:	3200 PLAZA 5, 33RD FLOOR JERSEY CITY, NJ 07311
Effective Date:	08/29/2001
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG.

SUNAMERICA ASSET MANAGEMENT CORP. is under common control with the firm.

Business Address:	733 THIRD AVENUE NEW YORK, NY 10017
Effective Date:	08/29/2001
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG.

VARIABLE ANNUITY LIFE INSURANCE COMPANY is under common control with the firm.

Business Address:	2929 ALLEN PARKWAY HOUSTON, TX 77019
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Firm Operations



Organization Affiliates (continued)

Effective Date: 11/18/1996
Foreign Entity: No
Country:
Securities Activities: No
Investment Advisory Activities: Yes
Description: APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG.

VALIC FINANCIAL ADVISORS, INC. is under common control with the firm.

CRD #: 42803
Business Address: 2929 ALLEN PARKWAY
HOUSTON, TX 77019
Effective Date: 11/18/1996
Foreign Entity: No
Country:
Securities Activities: Yes
Investment Advisory Activities: Yes
Description: APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG.

AMERICAN GENERAL DISTRIBUTORS, INC. is under common control with the firm.

CRD #: 37449
Business Address: 2929 ALLEN PARKWAY
HOUSTON, TX 77019
Effective Date: 06/24/1994
Foreign Entity: No
Country:
Securities Activities: Yes
Investment Advisory Activities: No

Firm Operations



Organization Affiliates (continued)

Description: APPLICANT AND AFFILIATE ARE EACH UNDER THE ULTIMATE CONTROL OF AIG.

This firm is not directly or indirectly, controlled by the following:

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	1	4	0

Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" event involves allegations that have not been proven or formally adjudicated.
 - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" event has been concluded and its resolution is not subject to change.
 - A final 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 involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 4

Reporting Source: Regulator

Current Status: Final



Allegations: AGENT RONALD HANSON SOLICITED A BROKERAGE CUSTOMER TO INVEST IN A WRAP FEE PROGRAM OFFERED BY FRANKLIN FINANCIAL SERVICES, NOW NAMED AMERICAN GENERAL EQUITY SERVICES CORP. FRANKLIN FINANCIAL WAS NOT REGISTERED AS EITHER A FEDERALLY COVERED OR STATE REGISTERED INVESTMENT ADVISER. AGENT HANSON WAS NOT REGISTERED AS AN INVESTMENT ADVISER OR INVESTMENT ADVISER REPRESENTATIVE. FRANKLIN FINANCIAL AND HANSON RECEIVED ADVISORY FEES OF \$11,255.93 AND \$19,696.02, RESPECTIVELY. INVESTIGATION FOUND TWO OTHER KANSAS AGENTS HAD SOLICITED CUSTOMERS FOR FRANKLIN FINANCIAL'S WRAP FEE ADVISORY PROGRAM.

Initiated By: KANSAS SECURITIES COMMISSIONER

Date Initiated: 06/30/2003

Docket/Case Number: 2003E042/2002-4508

URL for Regulatory Action:

Principal Product Type: Other

Other Product Type(s): INVESTMENT ADVISORY

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: NOTICE OF INTENT TO INVOKE SANCTIONS

Resolution: Stipulation and Consent

Resolution Date: 04/20/2004

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

Sanctions Ordered: Monetary/Fine \$2,500.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: AMERICAN GENERAL AND HANSON SIGNED A STIPULATION FOR CONSENT ORDER AND IT WAS ACCEPTED ON APRIL 19, 2004. ON APRIL 20, 2004, COMMISSIONER CHRIS BIGGS ISSUED A CONSENT ORDER ORDERING DISGORGEMENT OF COMMISSIONS OF \$10,312.06 FROM AMERICAN GENERAL AND \$17,196.92 FROM AGENT HANSON. AMERICAN GENERAL AND HANSON WERE FINED \$2,500 EACH.



Reporting Source:	Firm
Current Status:	Final
Allegations:	THE KANSAS SECURITIES COMMISSIONER ALLEGED THAT AMERICAN GENERAL EQUITY SERVICES CORPORATION TRANSACTED BUSINESS IN KANSAS AS AN INVESTMENT ADVISER WITHOUT REGISTRATION AS SUCH, IN VIOLATION OF KSA.17-1254(C)AND FAILED TO MONITOR THE LICENSING OF AN AGENT WHO ACTED AS AN INVESTMENT ADVISER REPRESENTATIVE.
Initiated By:	SECURITIES COMMISSIONER OF THE STATE OF KANSAS
Date Initiated:	06/30/2003
Docket/Case Number:	DOC NO.2003E042/K.S.C CASENO.2002-4508
Principal Product Type:	Other
Other Product Type(s):	INVESTMENT ADVISORY SERVICE
Principal Sanction(s)/Relief Sought:	Disgorgement
Other Sanction(s)/Relief Sought:	MONETARY FINE
Resolution:	Stipulation and Consent
Resolution Date:	04/20/2004
Sanctions Ordered:	Monetary/Fine \$2,500.00 Disgorgement/Restitution
Other Sanctions Ordered:	
Sanction Details:	AGESC WAS ORDERED TO DISGORGE COMMISSIONS OF \$10,312.06 AND PAY A MONETARY FINE OF 2500.00. RESPONDENT RONALD HANSON WAS ORDERED TO DISGORGE \$17,196.02 AND TO PAY A MONETARY FINE OF 2500.00
Firm Statement	ON JUNE 30,2003 THE KANSAS SECURITIES COMMISSION ISSUED A NOTICE OF INTENT TO INVOLVE SANCTIONS AGAINST AGESC AND ITS AGENT RONALD HANSON BASED ON THE ALLEGATION THAT HANSON ACGTED AS AN INVESTMENT ADVISER REPRESENTATIVE AND THAT AGESC ACTED AS A REGISTERED INVESMENT ADVISER WITHOUT THE BENEFIT OF REGISTRATION UNDER THE ACT. HANSON AND AGESC ACTED AS A SOLICITOR FOR A NON-AFFILIATED FEDERAL COVERED ADVISER.



Disclosure 2 of 4

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 3010(B), AND 3070 - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER CONSENTED TO THE ENTRY OF FINDINGS THAT IT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH THE APPLICABLE RULES OF THE NASD, WITH RESPECT TO THE MEMBER'S REGISTERED REPRESENTATIVES HANDLING OF CUSTOMER FUNDS, IN THAT, AMONG OTHER THINGS, THE PROCEDURES FAILED TO: (1) THE IDENTIFICATION OF THE PERSON(S) RESPONSIBLE AT FIRM FOR ENSURING COMPLIANCES WITH SUCH LAWS, REGULATIONS, AND RULES; (2) A STATEMENT OF SUCH STEPS THAT SUCH PERSON(S) SHOULD TAKE TO ENSURE COMPLIANCE THEREWITH; (3) A STATEMENT OF HOW OFTEN SUCH PERSON(S) SHOULD TAKE SUCH STEP(S); AND (4) A STATEMENT OF HOW THE ENFORCEMENT OF SUCH WRITTEN SUPERVISORY PROCEDURES SHOULD BE EVIDENCED AT FIRM. THE MEMBER FIRM ALSO FAILED TO REPORT CUSTOMER COMPLAINTS AND ONE DISCLOSURE EVENT, IN VIOLATION OF NASD CONDUCT RULES.
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	11/15/2002
Docket/Case Number:	C8A020080
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	11/15/2002
Sanctions Ordered:	Censure Monetary/Fine \$12,500.00
Other Sanctions Ordered:	
Sanction Details:	A CENSURE AND A FINE OF \$12,500.



Reporting Source: Firm

Current Status: Final

Allegations: APPLICANT AND APPLICANT GENERAL SECURITIES REPRESENTATIVE ALLEGELY VIOLATED NASD CONDUCT RULES 2110, 3010(B) AND APPLICANT ALLEGELY VIOLATED NASD CONDUCT RULES 2110 AND 3070.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION, INC.

Date Initiated: 11/04/2002

Docket/Case Number: C8A020080

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/15/2002

Sanctions Ordered: Censure
Monetary/Fine \$12,500.00

Other Sanctions Ordered:

Sanction Details: APPLICANT FINED 12,500.00 APPLICANT AGREED AND PAID FULL AMOUNT ON DECEMBER 12, 2002.

Firm Statement ON OR ABOUT NOVEMBER 4, 2002 APPLICANT WAS FINED 12,500.00 FOR VIOLATING NASD RULE 2110, 3010(B) AND 3070. A REGISTERED REPRESENTATIVE ON ABOUT 10/97 THRU 4/98 FAILED TO PROPERLY HANDLE CUSTOMER FUNDS. APPLICANT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE SUPERVISORY PROCEDURES AND FAILED TO REPORT THREE CUSTOMER COMPLAINTS AND ONE DISCLOSURE EVENT.

Disclosure 3 of 4

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULES 1120 AND 2110: RESPONDENT MEMBER HEREBY ACCEPT AND CONENT, WITHOUT ADDMITTING OR DENYING THE ALLEGATIONS, TO THE



ENTRY OF FINDINGS THAT THE FIRM PERMITTED A REGISTERED PERSON EMPLOYED BY RESPONDENT MEMBER PERFORMED DUTIES AS A REGISTERED PERSON WHILE HIS REGISTRATION STATUS WAS INACTIVE DUE TO HIS FAILURE TO TIMELY COMPLETE THE REGULATORY ELEMENT OF THE NASD'S CONTINUING EDUCATION RULE.

Initiated By: NASD

Date Initiated: 07/18/2001

Docket/Case Number: C8A010045

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/18/2001

Sanctions Ordered: Monetary/Fine \$2,752.00

Other Sanctions Ordered:

Sanction Details: FINE OF \$2,572 INCLUDES THE DISGORGEMENT OF COMMISSIONS RECEIVED IN THE AMOUNT OF \$252.

Reporting Source: Firm

Current Status: Final

Allegations: ALLEGED VIOLATION OF NASD RULE 1120 AND 2110

Initiated By: NASD REGULATION, INC.

Date Initiated: 09/28/2000

Docket/Case Number: C8A0100

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/01/2000

Sanctions Ordered: Monetary/Fine \$2,752.00

Other Sanctions Ordered:

Sanction Details: APPLICANT WAS FINED AND PAID NASD REGULATIONS, INC. 3752.00 ON JUNE 5, 2001 WHICH INCLUDED REP FINE OF \$1000.

Firm Statement THE FIRM SIGNED AN AWC AND PAID A FINE OF 2752.00

Disclosure 4 of 4

Reporting Source: Regulator

Current Status: Final

Allegations:

1. COMMENCING IN 1991, THE FIRM ALLEGEDLY VIOLATED SECTION 36B-6(D) OF THE CONNECTICUT UNIFORM SECURITIES ACT BY TRANSACTING BUSINESS FROM MULTIPLE ONE-PERSON LOCATIONS IN CT WITHOUT REGISTERING THOSE SITES AS BRANCH OFFICES; AND
2. FIRM ALLEGEDLY FAILED TO ESTABLISH AND IMPLEMENT ADEQUATE SUPERVISORY PROCEDURES DESIGNED TO ACHIEVE COMPLIANCE WITH CT BRANCH OFFICE REGISTRATION REQUIREMENTS.

Initiated By: STATE OF CONNECTICUT DEPT. OF BANKING

Date Initiated: 03/14/2000

Docket/Case Number: CO-00-5545-S

URL for Regulatory Action:

Principal Product Type: No Product

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 03/14/2000



Sanctions Ordered:	Monetary/Fine \$16,000.00
Other Sanctions Ordered:	<ol style="list-style-type: none"> 1. IN ADDITION TO \$16,000 FINE, REIMBURSE THE DEPT \$2,500 FOR INVESTIGATIVE COSTS 2. REVISE SUPERVISORY PROCEDURES GOVERNING CT BRANCH OFFICE REGISTRATION AND SUBMIT A WRITTEN REPORT CONFIRMING THAT SUCH PROCEDURES WERE IMPLEMENTED 3. ISSUE A WRITTEN COMPLIANCE NOTICE TO CT AGENTS REGARDING CT BRANCH OFFICE REGISTRATION REQUIREMENTS 4. FILE QUARTERLY REPORTS FOR 2 YEARS RE ANY COMPLAINTS, ACTIONS OR PROCEEDINGS THAT WERE SECURITIES-RELATED & INVOLVED CT RESIDENTS.
Sanction Details:	TOTAL MONETARY ASSESSMENT OF \$18,500 WAS PAID PRIOR TO THE COMMISSIONER'S EXECUTION OF THE CONSENT ORDER.
Regulator Statement	SEE ABOVE.

Reporting Source:	Firm
Current Status:	Final
Allegations:	FAILURE TO REGISTER BRANCH OFFICES.
Initiated By:	STATE OF CONNECTICUT DEPARTMENT OF BANKING
Date Initiated:	02/28/2000
Docket/Case Number:	
Principal Product Type:	Mutual Fund(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	CONSENT ORDER BY THE STATE OF CONNECTICUT.
Resolution:	Consent
Resolution Date:	03/02/2000
Sanctions Ordered:	Monetary/Fine \$18,500.00
Other Sanctions Ordered:	
Sanction Details:	\$18500.00 PAID



Firm Statement

FFSC IMPLEMENT NEW SUPERVISORY AND COMPLIANCE PROCEDURES,
SUBMIT QUARTERLY COMPLIANCE COMPLAINT REPORTS FOR 2 YEARS,
SEND A WRITTEN COMPLIANCE MANDATE TO REPS IN CONNECTICUT.



Regulatory - Pending

This type of disclosure event may include a pending formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulatory agency such as the Securities and Exchange Commission, foreign financial regulatory body) for alleged violations of investment-related rules or regulations.

Disclosure 1 of 1

Reporting Source: Regulator

Current Status: Pending

Allegations: FROM OCTOBER 2001 TO DECEMBER 2002, ROBERT MICHAEL SEAHORN ("SEAHORN") AND JOHN COLVIN ("COLVIN"), WHILE REGISTERED AGENTS FOR FRANKLIN FINANCIAL SERVICES CORPORATION ("FFSC"), ALONG WITH COLIN PREST ("PREST") PORTRAYED THEMSELVES TO AN ALABAMA RESIDENT AS AGENTS AND REPRESENTATIVE OF PHYMED PARTNERS, INC ("PPI"). SEAHORN AND COLVIN PROMOTED, SOLICITED AND SOLD THE PPI PRIVATE PLACEMENT OFFERING TO AN ALABAMA RESIDENT. PPI WAS NOT REGISTERED AS A BROKER DEALER IN THE STATE OF ALABAMA. THE OFFER AND OR SALE OF SECURITIES WITHIN OR INTO THE STATE OF ALABAMA WITHOUT THE BENEFIT OF REGISTRATION IS A VIOLATION OF SECTION 8-6-3 (B), CODE OF ALABAMA, 1975. THE INTEREST IN PPI WAS NOT REGISTERED IN THE STATE OF ALABAMA. THE SALE OF UNREGISTERED SECURITIES, INTO, WITHIN, OR FROM THE STATE OF ALABAMA IS A VIOLATION OF SECTION 8-6-4, CODE OF ALABAMA 1975. SEAHORN AND COLVIN HAVE THE PROVISIONS OF SECTION 8-6-3 (J)(7), CODE OF ALABAMA 1975 BY ENGAGING IN DISHONEST OR UNETHICAL PRACTICES IN THE SECURITIES BUSINESS, TO WIT: BY EXECUTING TRANSACTIONS WHICH FFSC HAS REPRESENTED WHERE UNAUTHORIZED, BY SELLING AWAY TO CLIENTS UNREGISTERED INTERESTS IN THE PPI PRIVATE PLACEMENT INVESTMENT. FFSC HAS VIOLATED THE PROVISIONS OF SECTION 8-6-3(J)(10), CODE OF ALABAMA 1975, AND COMMISSION RULE 830-X-3-13 BY ITS FAILURE TO PROPERLY SUPERVISE THE ACTIVITIES OF SEAHORN AND COLVIN.

Initiated By: ALABAMA

Date Initiated: 04/07/2005

Docket/Case Number: SC-2005-0014

URL for Regulatory Action:

Principal Product Type: Investment Contract(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other



Other Sanction(s)/Relief Sought: SHOW CAUSE ORDER

Regulator Statement PLEASE NOTE: FRANKLIN FINANCIAL SERVICES CORPORATION AKA AMERICAN GENERAL EQUITY SERVICES CORPORATION

Reporting Source: Firm

Current Status: Pending

Allegations: FROM OCTOBER 2001 TO DECEMBER 2002, TWO FORMER REGISTERED REPRESENTATIVES OF FRANKLIN FINANCIAL SERVICES CORPORATION (FFSC) (N/K/A AMERICAN GENERAL EQUITY SERVICES CORPORATION) OFFERED AND SOLD UNREGISTERED SECURITIES TO AN ALABAMA RESIDENT. FFSC IS ALLEGED TO HAVE VIOLATED THE PROVISIONS OF SECTION 8-6-3(J)(10), CODE OF ALABAMA 1975, AND COMMISSION RULE 830-X-3-13 BY ITS ALLEGED FAILURE TO PROPERLY SUPERVISE THE ACTIVITIES OF THE TWO FORMER REGISTERED REPRESENTATIVES.

Initiated By: ALABAMA SECURITIES COMMISSION

Date Initiated: 04/07/2005

Docket/Case Number: SC-2005-0014

Principal Product Type: Other

Other Product Type(s): INVESTMENT CONTRACT(S)

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: SHOW CAUSE ORDER

Disclosure Events for Non-Registered Control Affiliates



All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	9	0
Civil Event	0	3	0



Disclosure Event Details

Regulatory - Final

Disclosure 1 of 9

Reporting Source:	Firm
Affiliate:	SUNAMERICA ANNUITY & LIFE ASSURANCE COMPANY
Current Status:	Final
Appealed To and Date Appeal Filed:	N/A
Allegations:	THE REGULATOR ALLEGED THAT SUNAMERICA ANNUITY & LIFE ASSURANCE COMPANY ("SALAC"), A CONTROL AFFILIATE OF THE FIRM, VIOLATED THE VERMONT UNIFORM SECURITIES ACT BY (I) USING A PROSPECTUS THAT WAS AMBIGUOUS IN DESCRIBING ITS AUTOMATIC ASSET REBALANCING PROGRAM FEATURE APPLICABLE TO CERTAIN VARIABLE ANNUITIES, AND (II) NOT REBALANCING CERTAIN SUBACCOUNTS WITHIN THE ANNUITIES TO RETURN TO ALLOCATIONS GIVEN IN THE ACCOUNT OWNERS' LAST TRADE INSTRUCTIONS.
Initiated By:	VERMONT DEPARTMENT OF BANKING, INSURANCE, SECURITIES & HEALTHCARE ADMINISTRATION ("BISHCA")
Date Initiated:	09/20/2010
Docket/Case Number:	10-076-S
Principal Product Type:	Annuity(ies) - Variable
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	CEASE AND DESIST; RESTITUTION
Resolution:	Stipulation and Consent
Resolution Date:	09/20/2010
Sanctions Ordered:	Monetary/Fine \$100,000.00 Disgorgement/Restitution
Other Sanctions Ordered:	SALAC PAID BISHCA A TOTAL OF \$100,000, AS FOLLOWS: (1) \$40,000 AS AN ADMINISTRATIVE PENALTY, (2) \$40,000 TO BE APPLIED TO VERMONT SECURITIES INVESTOR EDUCATION AND TRAINING FUND, AND (3) \$20,000 FOR COSTS INCURRED BY BISHCA AS A RESULT OF THE EXAMINATION.



Sanction Details:	IN ADDITION TO THE ABOVE \$100,000 IN AGGREGATE PAYMENTS TO BISHCA, WITHIN 30 DAYS OF SALAC'S RECEIPT OF RELEASE AGREEMENTS FROM AFFECTED ACCOUNT OWNERS, SALAC WAS REQUIRED TO REVERSE THE AUTOMATIC ASSET REBALANCING TRANSACTIONS TO 100% OF THE SEPTEMBER 30, 2008 AMOUNTS FOR SUCH ACCOUNT WHO DELIVERED RELEASE AGREEMENTS.
Firm Statement	WITHOUT ADMITTING OR DENYING THE STATEMENT OF FACTS AND CONCLUSIONS OF LAW CONTAINED IN THE ORDER, SALAC CONSENTED TO THE ENTRY OF THE ORDER.

Disclosure 2 of 9

Reporting Source:	Firm
Affiliate:	SUNAMERICA LIFE ASSURANCE COMPANY
Current Status:	Final
Allegations:	THE SEC INSTITUTED A SETTLED ADMINISTRATIVE PROCEEDING AGAINST AIG SUNAMERICA LIFE ASSURANCE COMPANY ("SALAC"), RELATING TO ITS ROLE AS CREDIT ENHANCER IN THREE MUNICIPAL BOND ISSUANCES IN 1999 AND 2000. SALAC IS AN INDIRECT SUBSIDIARY OF AMERICAN INTERNATIONAL GROUP ("AIG"), THE INDIRECT PARENT OF APPLICANT. THE SEC ALLEGED THAT SALAC, UNDER ITS FORMER NAME OF ANCHOR NATIONAL LIFE INSURANCE COMPANY, FAILED TO DISCLOSE TO THE BOND ISSUERS A FEE ARRANGEMENT BETWEEN SALAC AND THE BOND PROGRAM ADVISOR THAT COULD HAVE THREATENED THE TAX-ADVANTAGED NATURE OF THE BONDS. THE SEC ALLEGED THAT THE FAILURE OF SALAC TO DISCLOSE THIS ARRANGEMENT WAS A CAUSE, UNDER SECTION 8(A) OF THE SECURITIES ACT, OF THE BOND PROGRAM ADVISOR'S VIOLATION OF SECTION 17(A)(2) OF THE SECURITIES ACT. SALAC, WITHOUT ADMITTING OR DENYING THE SEC'S FINDINGS OR ALLEGATIONS, CONSENTED TO THE SETTLED PROCEEDING AND AGREED TO CEASE AND DESIST FROM MAKING OR CAUSING FURTHER VIOLATIONS OF SECTION 17(A)(2) OF THE SECURITIES ACT.
Initiated By:	SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	09/28/2007
Docket/Case Number:	ADMIN. PROC. FILE NO. 3-12850
Principal Product Type:	Debt - Municipal
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Cease and Desist


Other Sanction(s)/Relief Sought:

Resolution:	Decision & Order of Offer of Settlement
Resolution Date:	09/28/2007
Sanctions Ordered:	Cease and Desist/Injunction
Other Sanctions Ordered:	NONE
Sanction Details:	SEE ITEM 7
Firm Statement	SEE ITEM 7

Disclosure 3 of 9

Reporting Source:	Firm
Affiliate:	BANQUE AIG (TOKYO BRANCH)
Current Status:	Final
Allegations:	THE CONTROL AFFILIATE IS ALLEGED TO HAVE VIOLATED ITEM 10, ARTICLE 4 OF THE CABINET OFFICE ORDINANCE CONCERNING RESTRICTIONS ON ACTS OF SECURITIES COMPANIES BY VIRTUE OF HAVING EXERCISED STOCK ACQUISITION RIGHTS ATTACHED TO A CONVERTIBLE BOND AND SELLING THE RESULTING SHARES PURSUANT TO DISCRETIONARY TRADING AUTHORITY ON BEHALF OF THE BONDHOLDER, AN AFFILIATED COMPANY, AFTER THE ISSUER OF THE BOND, LISTED ON THE TOKYO STOCK EXCHANGE, HAD PUBLICLY DISCLOSED THE BONDHOLDER'S NOTICE TO PUT THE ENTIRE BOND BACK TO THE ISSUER IN EXCHANGE FOR CASH.
Initiated By:	FINANCIAL SERVICES AGENCY IN JAPAN
Date Initiated:	07/19/2007
Docket/Case Number:	FINANCIAL SERVICES AGENCY JAPAN # 1797
Principal Product Type:	Other
Other Product Type(s):	BONDS WITH STOCK ACQUISITION RIGHTS.
Principal Sanction(s)/Relief Sought:	Undertaking
Other Sanction(s)/Relief Sought:	NONE
Resolution:	Settled



Resolution Date:	07/31/2007
Sanctions Ordered:	
Other Sanctions Ordered:	THE CONTROL AFFILIATE AGREED TO AN UNDERTAKING THAT REQUIRES THE CONTROL AFFILIATE TO CONSIDER ADOPTION OF APPROPRIATE INTERNAL CONTROL SYSTEMS, CLARIFY RESPONSIBILITY, IMPLEMENT PLANS TO PREVENT SIMILAR PROBLEMS IN THE FUTURE, ENGAGE IN TRAINING TO IMPROVE COMPLIANCE AND PROPER PERFORMANCE OF BUSINESS OPERATIONS AND REPORT TO THE FINANCIAL SERVICES AGENCY ("FSA") OF JAPAN ON ITS PROGRESS BY AUGUST 31, 2007.
Sanction Details:	SEE FIELD 12B
Firm Statement	THIS MATTER RELATES TO FORMAL ADMINISTRATIVE ACTION THAT WAS INITIATED BY THE FSA, ON JULY 19, 2007, BY NOTICE (THE "NOTICE") TO THE CONTROL AFFILIATE OF THE SCHEDULING OF A HEARING DATE WITH RESPECT TO THE ALLEGATIONS SET FORTH THEREIN. THE NOTICE PROVIDED THE CONTROL AFFILIATE THE OPPORTUNITY TO SETTLE THIS MATTER BY AGREEING TO THE UNDERTAKINGS SET FORTH IN RESPONSE TO QUESTION 12B ABOVE. THE CONTROL AFFILIATE AGREED TO THE UNDERTAKINGS ON JULY 25, 2007. THE FSA ISSUED A BUSINESS IMPROVEMENT ORDER REQUIRING THE CONTROL AFFILIATE TO ABIDE BY THE AGREED UNDERTAKINGS ON JULY 31, 2007, THEREBY BRINGING THIS MATTER TO A FINAL RESOLUTION.

Disclosure 4 of 9

Reporting Source:	Firm
Affiliate:	AMERICAN INTERNATIONAL GROUP, INC.
Current Status:	Final
Allegations:	THE SEC COMPLAINT ALLEGED THAT FROM 2000 UNTIL 2005, AIG MATERIALLY FALSIFIED ITS FINANCIAL STATEMENTS IN ORDER TO STRENGTHEN THE APPEARANCE OF ITS FINANCIAL RESULTS TO ANALYSTS AND INVESTORS. IN SO DOING, THE SEC ALLEGED THAT AIG HAD VIOLATED SECTION 17(A) OF THE SECURITIES ACT OF 1933 AND SECTIONS 10(B), 13(A), 13(B)(2) AND 13(B)(5) AND RULES 10B-5, 12B-20, 13A-1, 13A-13 AND 13B2-1 OF THE EXCHANGE ACT OF 1934.
Initiated By:	SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	02/09/2006
Docket/Case Number:	SDNY - CASE NO. 06 CIV 1000
Principal Product Type:	No Product

**Other Product Type(s):**

Principal Sanction(s)/Relief Sought: Injunction

Other Sanction(s)/Relief Sought: DISGORGEMENT; CIVIL AND ADMINISTRATIVE PENALTY(IES)/FINE(S); UNDERTAKING.

Resolution: Settled

Resolution Date: 02/17/2006

Sanctions Ordered: Monetary/Fine \$100,000,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered: SEE ITEM #13.

Sanction Details: SEE ITEM #13.

Firm Statement

AIG ENTERED INTO A SETTLEMENT AGREEMENT WITH THE SEC IN CONNECTION WITH THE ACCOUNTING AND FINANCIAL REPORTING PRACTICES OF AIG AND ITS SUBSIDIARIES. AS PART OF THE SETTLEMENT WITH THE SEC, THE SEC FILED A CIVIL COMPLAINT, ALLEGING THAT FROM 2000 UNTIL 2005, AIG MATERIALLY FALSIFIED ITS FINANCIAL STATEMENTS THROUGH A VARIETY OF TRANSACTIONS AND ENTITIES IN ORDER TO STRENGTHEN THE APPEARANCE OF ITS FINANCIAL RESULTS TO ANALYSTS AND INVESTORS. ON FEBRUARY 9, 2006, AIG WITHOUT ADMITTING OR DENYING THE ALLEGATIONS IN THE SEC COMPLAINT, CONSENTED TO THE ISSUANCE OF A FINAL JUDGMENT: (A) PERMANENTLY RESTRAINING AND ENJOINING AIG FROM VIOLATING SECTION 17(A) OF THE SECURITIES ACT OF 1933 (SECURITIES ACT) AND SECTIONS 10(B), 13(A), 13(B)(2) AND 13(B)(5) AND RULES 10B-5, 12B-20, 13A-1, 13A-13 AND 13B2-1 OF THE EXCHANGE ACT OF 1934 (EXCHANGE ACT); (B) ORDERING AIG TO PAY DISGORGEMENT IN THE AMOUNT OF \$700 MILLION; AND (C) ORDERING AIG TO PAY A CIVIL PENALTY IN THE AMOUNT OF \$100 MILLION. AIG ALSO ENTERED INTO AN AGREEMENT WITH THE UNITED STATES DEPARTMENT OF JUSTICE IN CONNECTION WITH THE ACCOUNTING AND FINANCIAL REPORTING PRACTICES OF AIG AND ITS SUBSIDIARIES. AS PART OF THAT AGREEMENT, AIG PAID A \$25 MILLION FINE DEPOSITED INTO THE UNITED STATES POSTAL INSPECTION CONSUMER FRAUD FUND. AS PART OF THESE SETTLEMENTS, AIG HAS AGREED TO RETAIN FOR A PERIOD OF THREE YEARS AN INDEPENDENT CONSULTANT WHO WILL CONDUCT A REVIEW THAT WILL INCLUDE THE ADEQUACY OF AIG'S INTERNAL CONTROLS OVER FINANCIAL REPORTING AND THE REMEDIATION PLAN THAT AIG HAS IMPLEMENTED AS A RESULT OF ITS OWN INTERNAL REVIEW.



Disclosure 5 of 9

Reporting Source:	Firm
Affiliate:	BANQUE AIG
Current Status:	Final
Allegations:	THE PROCEEDINGS WERE BASED ON THE FINDINGS IN AN INSPECTION REPORT DATED AUGUST 11, 2004 AND A HEARING HELD MAY 10, 2005. THE COMMISSION BANCAIRE'S DECISION CITES TWO PRINCIPAL VIOLATIONS OF FRENCH BANKING REGULATIONS BY BANQUE AIG. THE FIRST VIOLATION RELATED TO BANQUE AIG'S EXERCISING INSUFFICIENT INTERNAL CONTROLS AT THE LEVEL OF ITS PARIS HEAD OFFICE OVER ITS WORLDWIDE ACTIVITIES. THIS VIOLATION INVOLVES A FAILURE BY THE INTERNAL AUDITOR TO ADEQUATELY INSPECT THE LONDON AND TOKYO BRANCHES AND THE SUPPORT OPERATIONS CARRIED OUT BY ITS PARENT IN THE UNITED STATES, A FAILURE TO MAINTAIN A SUFFICIENT DOCUMENTATION FILE TO PERMIT THE INTERNAL AUDITOR TO ADEQUATELY CONTROL TRANSACTIONS AND A FAILURE TO PROVIDE SUFFICIENT CONTROL OVER CREDIT RISK BY THE MANAGEMENT OF BANQUE AIG. THE SECOND VIOLATION RELATED TO BANQUE AIG'S BREACHING THE LARGE EXPOSURE RATIO IN RESPECT OF ITS RISK TO ITS PARENT COMPANY, AIG FINANCIAL PRODUCTS CORP.
Initiated By:	COMMISSION BANCAIRE (FRANCE)
Date Initiated:	01/11/2005
Docket/Case Number:	PROCEDURE NO. 04-19
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	WARNING
Resolution:	Decision
Resolution Date:	05/31/2005
Sanctions Ordered:	Monetary/Fine \$246,080.00
Other Sanctions Ordered:	WARNING
Sanction Details:	N/A
Firm Statement	FOLLOWING A HEARING ON MAY 10, 2005, THE COMMISSION BANCAIRE



RENDERED ITS FINAL DECISION ON THE MATTER ON MAY 31, 2005.

Disclosure 6 of 9

Reporting Source:	Firm
Affiliate:	AMERICAN INTERNATIONAL GROUP, INC. ("AIG")
Current Status:	Final
Appealed To and Date Appeal Filed:	N/A
Allegations:	<p>THE SEC FILED A CIVIL ACTION AGAINST AMERICAN INTERNATIONAL GROUP, INC. ("AIG"), THE INDIRECT OWNER OF APPLICANT, ALLEGING VIOLATIONS OF CERTAIN ANTIFRAUD PROVISIONS OF THE FEDERAL SECURITIES LAWS AND FOR AIDING AND ABETTING VIOLATIONS OF REPORTING AND RECORD KEEPING PROVISIONS OF THOSE LAWS. THE SEC'S ACTION AROSE OUT OF THE CONDUCT OF AIG, PRIMARILY THROUGH ITS WHOLLY OWNED SUBSIDIARY AIG FINANCIAL PRODUCTS CORP. ("AIG-FP") (I) IN DEVELOPING, MARKETING AND ENTERING INTO THREE TRANSACTIONS DURING 2001 THAT WERE INTENDED TO ENABLE A PUBLIC COMPANY (PNC FINANCIAL SERVICES GROUP, INC. ("PNC")) TO REMOVE CERTAIN ASSETS FROM ITS BALANCE SHEET AND (II) IN MARKETING SIMILAR TRANSACTION STRUCTURES TO OTHER POTENTIAL COUNTERPARTIES. THE COMPLAINT ALLEGES, INTER ALIA, THAT AIG-FP RECKLESSLY MISREPRESENTED, AND WAS RECKLESS IN NOT KNOWING, THAT THE TRANSACTIONS ENTERED INTO WITH PNC AND MARKETED TO OTHER POTENTIAL COUNTERPARTIES DID NOT SATISFY THE REQUIREMENTS OF GAAP FOR NON-CONSOLIDATION OF SPECIAL PURPOSE ENTITIES.</p>
Initiated By:	SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	11/30/2004
Docket/Case Number:	CIVIL ACTION NO. 1:04CV02070
Principal Product Type:	Other
Other Product Type(s):	SPECIAL PURPOSE ENTITY TRANSACTIONS ARRANGED BY AIG.
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	INJUNCTION;UNDERTAKING
Resolution:	Settled



Resolution Date: 11/30/2004

Sanctions Ordered: Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: AIG, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS IN THE SEC COMPLAINT, CONSENTED TO THE ISSUANCE OF A FINAL JUDGMENT: (A) PERMANENTLY ENJOINING IT AND ITS EMPLOYEES AND RELATED PERSONS FROM VIOLATING SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), EXCHANGE ACT RULE 10B-5, AND SECTION 17(A) OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT") AND FROM AIDING AND ABETTING VIOLATIONS OF SECTIONS 13(A) AND 13(B)(2)(A) OF THE EXCHANGE ACT AND EXCHANGE ACT RULES 12B-20, 13A-1, AND 13A-13; (B) ORDERING IT TO DISGORGES THE \$39,821,000 IN FEES THAT IT RECEIVED FROM THE PNC TRANSACTIONS, PLUS PREJUDGMENT INTEREST OF \$6,545,000; AND (C) PROVIDING FOR AIG TO RETAIN AN INDEPENDENT CONSULTANT TO EXAMINE CERTAIN TRANSACTIONS ENTERED INTO BETWEEN 2000 AND 2004 AND TO ESTABLISH A TRANSACTION REVIEW COMMITTEE TO REVIEW THE APPROPRIATENESS OF CERTAIN FUTURE TRANSACTIONS.

Firm Statement SEE ITEMS 7 AND 12

Reporting Source: Firm

Affiliate: AIG FINANCIAL PRODUCTS CORP.

Current Status: Final

Appealed To and Date Appeal Filed: N/A

Allegations: THE SEC FILED A CIVIL ACTION AGAINST AMERICAN INTERNATIONAL GROUP, INC. ("AIG"), THE INDIRECT OWNER OF APPLICANT, ALLEGING VIOLATIONS OF CERTAIN ANTIFRAUD PROVISIONS OF THE FEDERAL SECURITIES LAWS AND FOR AIDING AND ABETTING VIOLATIONS OF REPORTING AND RECORD KEEPING PROVISIONS OF THOSE LAWS. THE SEC'S ACTION AROSE OUT OF THE CONDUCT OF AIG, PRIMARILY THROUGH ITS WHOLLY OWNED SUBSIDIARY AIG FINANCIAL PRODUCTS CORP. ("AIG-FP") (I) IN DEVELOPING, MARKETING AND ENTERING INTO THREE TRANSACTIONS DURING 2001 THAT WERE INTENDED TO ENABLE A PUBLIC COMPANY (PNC FINANCIAL SERVICES GROUP, INC. ("PNC")) TO REMOVE CERTAIN ASSETS FROM ITS BALANCE SHEET AND (II) IN MARKETING SIMILAR TRANSACTION STRUCTURES TO OTHER POTENTIAL COUNTERPARTIES. THE COMPLAINT ALLEGES, INTER ALIA, THAT AIG-FP



RECKLESSLY MISREPRESENTED, AND WAS RECKLESS IN NOT KNOWING, THAT THE TRANSACTIONS ENTERED INTO WITH PNC AND MARKETING TO OTHER POTENTIAL COUNTERPARTIES DID NOT SATISFY THE REQUIREMENTS OF GAAP FOR NON-CONSOLIDATION OF SPECIAL PURPOSE ENTITIES.

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 11/30/2004

Docket/Case Number: CIVIL ACTION NO. 1:04CV02070

Principal Product Type: Other

Other Product Type(s): SPECIAL PURPOSE ENTITY TRANSACTIONS ARRANGED BY AIG.

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

Other Sanction(s)/Relief Sought: INJUNCTION;UNDERTAKING

Resolution: Settled

Resolution Date: 11/30/2004

Sanctions Ordered: Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: AIG, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS IN THE SEC COMPLAINT, CONSENTED TO THE ISSUANCE OF A FINAL JUDGMENT: (A) PERMANENTLY ENJOINING IT AND ITS EMPLOYEES AND RELATED PERSONS FROM VIOLATING SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), EXCHANGE ACT RULE 10B-5, AND SECTION 17(A) OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT") AND FROM AIDING AND ABETTING VIOLATIONS OF SECTIONS 13(A) AND 13(B)(2)(A) OF THE EXCHANGE ACT AND EXCHANGE ACT RULES 12B-20, 13A-1, AND 13A-13; (B) ORDERING IT TO DISGORGES THE \$39,821,000 IN FEES THAT IT RECEIVED FROM THE PNC TRANSACTIONS, PLUS PREJUDGMENT INTEREST OF \$6,545,000; AND (C) PROVIDING FOR AIG TO RETAIN AN INDEPENDENT CONSULTANT TO EXAMINE CERTAIN TRANSACTIONS ENTERED INTO BETWEEN 2000 AND 2004 AND TO ESTABLISH A TRANSACTION REVIEW COMMITTEE TO REVIEW THE APPROPRIATENESS OF CERTAIN FUTURE TRANSACTIONS.

Firm Statement SEE ITEMS 7 AND 12



Reporting Source:	Firm
Affiliate:	AMERICAN INTERNATIONAL GROUP, INC. ("AIG")
Current Status:	Final
Allegations:	THE DOJ FILED A CRIMINAL COMPLAINT AGAINST AIG-FP PAGIC EQUITY HOLDING CORP. ("AIG-FP PAGIC"), A WHOLLY-OWNED SUBSIDIARY OF AIG FINANCIAL PRODUCTS CORP. (AIG-FP"), IN TURN A WHOLLY-OWNED SUBSIDIARY OF AIG. THE COMPLAINT ALLEGED THAT AIG-FP PAGIC VIOLATED FEDERAL SECURITIES LAWS BY AIDING AND ABETTING SECURITIES LAW VIOLATIONS BY A PUBLIC COMPANY, PNC FINANCIAL SERVICES GROUP, INC. ("PNC"), IN CONNECTION WITH A TRANSACTION ENTERED INTO IN 2001 WITH PNC THAT WAS INTENDED TO ENABLE PNC TO REMOVE CERTAIN ASSETS FROM ITS BALANCE SHEET. THE COMPLAINT ALLEGED THAT AIG-FP PAGIC KNEW, OR WAS DELIBERATELY IGNORANT IN NOT KNOWING, THAT THE PNC TRANSACTION DID NOT SATISFY THE REQUIREMENTS OF GAAP FOR NON-CONSOLIDATION OF SPECIAL PURPOSE ENTITIES. THE AIG-FP PAGIC TRANSACTION WAS THE LAST OF THREE SIMILAR TRANSACTIONS DEVELOPED, MARKETED AND ENTERED INTO BY AIG-FP AND ITS SUBSIDIARIES WITH PNC DURING 2001. THE DOJ HAS NOTIFIED AIG-FP THAT, IN ITS VIEW, AIG-FP ACTING THROUGH CERTAIN OF ITS EMPLOYEES MAY HAVE VIOLATED FEDERAL CRIMINAL LAW IN CONNECTION WITH THE PNC TRANSACTIONS AND THE MARKETING OF SIMILAR TRANSACTION STRUCTURES TO OTHER POTENTIAL COUNTERPARTIES. AIG-FP PAGIC WAS DISSOLVED ON FEBRUARY 3, 2006.
Initiated By:	U.S. DEPARTMENT OF JUSTICE ("DOJ")
Date Initiated:	11/30/2004
Docket/Case Number:	N/A
Principal Product Type:	Other
Other Product Type(s):	SPECIAL PURPOSE ENTITY TRANSACTIONS ARRANGED BY AIG.
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	UNDERTAKING
Resolution:	Settled
Resolution Date:	11/30/2004
Sanctions Ordered:	Monetary/Fine \$80,000,000.00

**Other Sanctions Ordered:****Sanction Details:**

THE SETTLEMENT WITH THE DOJ COMPRISED SEPARATE AGREEMENTS WITH AIG AND AIG-FP AND A COMPLAINT FILED AGAINST, AND DEFERRED PROSECUTION AGREEMENT WITH, AIG-FP PAGIC. UNDER THE TERMS OF THE SETTLEMENT, AIG-FP PAID A MONETARY PENALTY OF \$80,000,000 AND THE DOJ AGREED (I) THAT IT WILL NOT PROSECUTE AIG OR AIG-FP IN CONNECTION WITH THE PNC TRANSACTIONS OR THE BRIGHTPOINT TRANSACTION THAT WAS SETTLED BY AIG WITH THE SEC IN 2003 AND (II) TO SEEK A DISMISSAL WITH PREJUDICE OF THE AIG-FP PAGIC COMPLAINT IN DECEMBER 2005, IN EACH CASE PROVIDED THAT AIG, AIG-FP AND AIG-FP PAGIC SATISFY THEIR OBLIGATIONS UNDER THE DOJ AGREEMENTS. THE OBLIGATIONS OF AIG, AIG-FP AND AIG-FP PAGIC UNDER THE DOJ AGREEMENTS RELATE PRINCIPALLY TO COOPERATING WITH THE DOJ AND OTHER FEDERAL AGENCIES IN CONNECTION WITH THEIR RELATED INVESTIGATIONS. THE DOJ FILED THE MOTION TO DISMISS WITH PREJUDICE THE AIG-FP PAGIC COMPLAINT ON DECEMBER 16, 2005; THE COURT SIGNED THE ORDER GRANTING THE MOTION TO DISMISS THE AIG-FP PAGIC COMPLAINT ON JANUARY 17, 2006, RESULTING IN A FINAL DISPOSITION OF THE AIG-FP PAGIC MATTER.

Firm Statement

SEE ITEMS 7 AND 12

Reporting Source:

Firm

Affiliate:

AIG FINANCIAL PRODUCTS CORP.

Current Status:

Final

Allegations:

THE DOJ FILED A CRIMINAL COMPLAINT AGAINST AIG-FP PAGIC EQUITY HOLDING CORP. ("AIG-FP PAGIC"), A WHOLLY-OWNED SUBSIDIARY OF AIG FINANCIAL PRODUCTS CORP. (AIG-FP"), IN TURN A WHOLLY-OWNED SUBSIDIARY OF AIG. THE COMPLAINT ALLEGED THAT AIG-FP PAGIC VIOLATED FEDERAL SECURITIES LAWS BY AIDING AND ABETTING SECURITIES LAW VIOLATIONS BY A PUBLIC COMPANY, PNC FINANCIAL SERVICES GROUP, INC. ("PNC"), IN CONNECTION WITH A TRANSACTION ENTERED INTO IN 2001 WITH PNC THAT WAS INTENDED TO ENABLE PNC TO REMOVE CERTAIN ASSETS FROM ITS BALANCE SHEET. THE COMPLAINT ALLEGED THAT AIG-FP PAGIC KNEW, OR WAS DELIBERATELY IGNORANT IN NOT KNOWING, THAT THE PNC TRANSACTION DID NOT SATISFY THE REQUIREMENTS OF GAAP FOR NON-CONSOLIDATION OF SPECIAL PURPOSE ENTITIES. THE AIG-FP PAGIC TRANSACTION WAS THE LAST OF THREE SIMILAR TRANSACTIONS DEVELOPED, MARKETING AND ENTERED INTO BY AIG-FP AND ITS SUBSIDIARIES WITH PNC DURING 2001. THE DOJ HAS NOTIFIED AIG-FP THAT, IN ITS VIEW, AIG-FP ACTING THROUGH CERTAIN OF ITS EMPLOYEES MAY HAVE VIOLATED FEDERAL



CRIMINAL LAW IN CONNECTION WITH THE PNC TRANSACTIONS AND THE MARKETING OF SIMILAR TRANSACTION STRUCTURES TO OTHER POTENTIAL COUNTERPARTIES. AIG-FP PAGIC WAS DISSOLVED ON FEBRUARY 3, 2006.

Initiated By:	U.S. DEPARTMENT OF JUSTICE ("DOJ")
Date Initiated:	11/30/2004
Docket/Case Number:	N/A
Principal Product Type:	Other
Other Product Type(s):	SPECIAL PURPOSE ENTITY TRANSACTIONS ARRANGED BY AIG.
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	UNDERTAKING
Resolution:	Settled
Resolution Date:	11/30/2004
Sanctions Ordered:	Monetary/Fine \$80,000,000.00
Other Sanctions Ordered:	
Sanction Details:	THE SETTLEMENT WITH THE DOJ COMPRISED SEPARATE AGREEMENTS WITH AIG AND AIG-FP AND A COMPLAINT FILED AGAINST, AND DEFERRED PROSECUTION AGREEMENT WITH, AIG-FP PAGIC. UNDER THE TERMS OF THE SETTLEMENT, AIG-FP PAID A MONETARY PENALTY OF \$80,000,000 AND THE DOJ AGREED (I) THAT IT WILL NOT PROSECUTE AIG OR AIG-FP IN CONNECTION WITH THE PNC TRANSACTIONS OR THE BRIGHTPOINT TRANSACTION THAT WAS SETTLED BY AIG WITH THE SEC IN 2003 AND (II) TO SEEK A DISMISSAL WITH PREJUDICE OF THE AIG-FP PAGIC COMPLAINT IN DECEMBER 2005, IN EACH CASE PROVIDED THAT AIG, AIG-FP AND AIG-FP PAGIC SATISFY THEIR OBLIGATIONS UNDER THE DOJ AGREEMENTS. THE OBLIGATIONS OF AIG, AIG-FP AND AIG-FP PAGIC UNDER THE DOJ AGREEMENTS RELATE PRINCIPALLY TO COOPERATING WITH THE DOJ AND OTHER FEDERAL AGENCIES IN CONNECTION WITH THEIR RELATED INVESTIGATIONS. THE DOJ FILED THE MOTION TO DISMISS WITH PREJUDICE THE AIG-FP PAGIC COMPLAINT ON DECEMBER 16, 2005; THE COURT SIGNED THE ORDER GRANTING THE MOTION TO DISMISS THE AIG-FP PAGIC COMPLAINT ON JANUARY 17, 2006, RESULTING IN A FINAL DISPOSITION OF THE AIG-FP PAGIC MATTER.
Firm Statement	SEE ITEMS 7 AND 12



Disclosure 8 of 9

Reporting Source:	Firm
Affiliate:	BRAZOS CAPITAL MANAGEMENT L.P.
Current Status:	Final
Allegations:	JMIC ENTERED INTO AN SEC SETTLEMENT IN RESPONSE TO ALLEGATIONS THAT JMIC FAILED TO ADEQUATELY DISCLOSE ITS NEW (AS OF 1997) IPO ALLOCATION PROCEDURE, ITS IMPACT ON CLIENTS' PERFORMANCE, AND JMIC'S POTENTIAL CONFLICT OF INTERESTS TO ITS CLIENTS. AS A RESULT, JMIC WAS FOUND TO HAVE VIOLATED SECTION 206(2) OF THE ADVISERS ACT AND AIDED AND ABETTED VIOLATIONS OF SECTION 34(B) OF THE 1940 ACT.
Initiated By:	SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	07/31/2003
Docket/Case Number:	ADMINISTRATIVE PROCEEDING 3-11197
Principal Product Type:	Mutual Fund(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	CEASE AND DESIST CENSURE UNDERTAKING
Resolution:	Decision & Order of Offer of Settlement
Resolution Date:	07/31/2003
Sanctions Ordered:	Censure Monetary/Fine \$200,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	JMIC WAS ORDERED TO RETAIN AN INDEPENDENT CONSULTANT, ORDERED TO ADOPT, IMPLEMENT AND MAINTAIN POLICIES, PRACTICES AND PROCEDURES RECOMMENDED BY THE CONSULTANT, AND ORDERED TO DISSEMINATE A COPY OF THE ORDER TO ALL ITS ADVISORY CLIENTS.
Sanction Details:	A FINE OF \$200,000 WAS LEVIED AGAINST JMIC. THE FINE WAS PAID ON AUGUST 6, 2003.
Firm Statement	ON JULY 31, 2003, JOHN MCSTAY INVESTMENT COUNSEL, L.P. ("JMIC") SUBMITTED AN OFFER OF SETTLEMENT TO THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO WHICH THE SEC ISSUED AN ORDER FINDING THAT JMIC WILLFULLY VIOLATED SECTION 206(2) OF THE



INVESTMENT ADVISERS ACT OF 1940 AND CAUSED AND WILLFULLY AIDED AND ABETTED A VIOLATION OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT OF 1940 IN CONNECTION WITH ITS DISCLOSURE OF ITS IPO ALLOCATION METHODOLOGY (INCLUDING THE POTENTIAL CONFLICT OF INTEREST ARISING FROM INVESTMENTS BY JMIC PERSONNEL IN THE BRAZOS FUNDS) AND THE FAILURE OF THE BRAZOS FUNDS TO DISCLOSURE IMPACT OF IPOS ON PERFORMANCE.

AS A RESULT OF THE ORDER AND OFFER OF SETTLEMENT, JMIC WAS CENSURED, ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS OR ANY FUTURE VIOLATIONS OF SECTION 206(2) OF THE ADVISERS ACT AND SECTION 34(B) OF THE 1940 ACT, FINED \$200,000, ORDERED TO RETAIN AN INDEPENDENT CONSULTANT, ORDERED TO ADOPT, IMPLEMENT AND MAINTAIN POLICIES AND PROCEDURES RECOMMENDED BY THE CONSULTANT, AND ORDERED TO DISSEMINATE A COPY OF THE ORDER TO ALL ITS ADVISORY CLIENTS

Disclosure 9 of 9

Reporting Source:	Firm
Affiliate:	AMERICAN INTERNATIONAL GROUP INC.
Current Status:	Final
Allegations:	SEE DESCRIPTION UNDER ITEM 13
Initiated By:	SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	09/11/2003
Docket/Case Number:	ADMINPROC FILE# 3-11254; SDNY 03CIV 7045
Principal Product Type:	Insurance
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	CEASE AND DESIST DISGORGEMENT UNDERTAKING
Resolution:	Decision & Order of Offer of Settlement
Resolution Date:	09/11/2003
Sanctions Ordered:	Monetary/Fine \$10,000,000.00 Disgorgement/Restitution



Cease and Desist/Injunction

Other Sanctions Ordered: SEE ITEM 13 DESCRIPTION

Sanction Details: SEE ITEM 13 DESCRIPTION

Firm Statement

AMERICAN INTERNATIONAL GROUP INC. ("AIG"), THE INDIRECT OWNER OF APPLICANT, SUBMITTED AN OFFER OF SETTLEMENT TO THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO WHICH THE SEC ISSUED AN ORDER ON SEPTEMBER 11, 2003 FINDING THAT AIG VIOLATED SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 BY ISSUING AN INSURANCE POLICY TO BRIGHTPOINT INC., FOR THE ASSISTING BRIGHTPOINT IN CONCEALING LOSSES. AS A RESULT, BRIGHTPOINT MADE MATERIAL MISSTATEMENTS IN ITS PUBLIC FILINGS WITH THE SEC. THE SEC ALSO FOUND THAT AIG WAS A CAUSE OF A BRIGHTPOINT OFFICER'S VIOLATION OF RULE 13B2-2 OF THE EXCHANGE ACT BY ISSUING AN INSURANCE POLICY THAT WAS USED BY THE BRIGHTPOINT OFFICER TO MAKE MISLEADING STATEMENTS OR OMISSIONS TO ITS AUDITOR. AS A RESULT OF THE ORDER AND OFFER OF SETTLEMENT, AIG WAS ORDERED TO (I) CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS, OR ANY FUTURE VIOLATIONS, OF SECTION 10(B) AND RULES 10B-5 AND 13B2-2 OF THE EXCHANGE ACT; (II) DISGORGE \$137,535.47; AND (III) RETAIN AN INDEPENDENT CONSULTANT AND TO ADOPT, IMPLEMENT AND MAINTAIN INTERNAL CONTROLS, POLICIES, PRACTICES, AND PROCEDURES RECOMMENDED BY THE CONSULTANT. IN A PARALLEL PROCEEDING, AIG CONSENTED TO THE ENTRY OF A FINAL JUDGMENT BY THE SEC IN WHICH AIG WAS FINED \$10,000,000.



Civil - Final

Disclosure 1 of 3

Reporting Source:	Firm
Affiliate:	AMERICAN INTERNATIONAL GROUP, INC.
Current Status:	Final
Allegations:	THE SEC COMPLAINT ALLEGED THAT FROM 2000 UNTIL 2005, AIG MATERIALLY FALSIFIED ITS FINANCIAL STATEMENTS IN ORDER TO STRENGTHEN THE APPEARANCE OF ITS FINANCIAL RESULTS TO ANALYSTS AND INVESTORS. IN SO DOING, THE SEC ALLEGED THAT AIG HAD VIOLATED SECTION 17(A) OF THE SECURITIES ACT OF 1933 AND SECTIONS 10(B), 13(A), 13(B)(2) AND 13(B)(5) AND RULES 10B-5, 12B-20, 13A-1, 13A-13 AND 13B2-1 OF THE EXCHANGE ACT OF 1934.
Initiated By:	SECURITIES AND EXCHANGE COMMISSION
Court Details:	SECURITIES AND EXCHANGE COMMISSION
Date Court Action Filed:	02/09/2006
Principal Product Type:	No Product
Other Product Types:	
Relief Sought:	Injunction
Other Relief Sought:	DISGORGEMENT; CIVIL AND ADMINISTRATIVE PENALTY(IES)/FINE(S); UNDERTAKING.
Resolution:	Settled
Resolution Date:	02/17/2006
Sanctions Ordered or Relief Granted:	Monetary/Fine \$100,000,000.00 Disgorgement/Restitution Cease and Desist/Injunction
Other Sanctions:	SEE ITEM #14.
Sanction Details:	SEE ITEM #14.
Firm Statement	AIG ENTERED INTO A SETTLEMENT AGREEMENT WITH THE SEC IN CONNECTION WITH THE ACCOUNTING AND FINANCIAL REPORTING PRACTICES OF AIG AND ITS SUBSIDIARIES. AS PART OF THE SETTLEMENT WITH THE SEC, THE SEC FILED A CIVIL COMPLAINT, ALLEGING THAT FROM 2000 UNTIL 2005, AIG MATERIALLY FALSIFIED ITS FINANCIAL STATEMENTS THROUGH A VARIETY OF TRANSACTIONS AND ENTITIES IN ORDER TO STRENGTHEN THE APPEARANCE OF ITS FINANCIAL RESULTS TO ANALYSTS AND INVESTORS. ON FEBRUARY 9, 2006, AIG WITHOUT



ADMITTING OR DENYING THE ALLEGATIONS IN THE SEC COMPLAINT, CONSENTED TO THE ISSUANCE OF A FINAL JUDGMENT: (A) PERMANENTLY RESTRAINING AND ENJOINING AIG FROM VIOLATING SECTION 17(A) OF THE SECURITIES ACT OF 1933 (SECURITIES ACT) AND SECTIONS 10(B), 13(A), 13(B)(2) AND 13(B)(5) AND RULES 10B-5, 12B-20, 13A-1, 13A-13 AND 13B2-1 OF THE EXCHANGE ACT OF 1934 (EXCHANGE ACT); (B) ORDERING AIG TO PAY DISGORGEMENT IN THE AMOUNT OF \$700 MILLION; AND (C) ORDERING AIG TO PAY A CIVIL PENALTY IN THE AMOUNT OF \$100 MILLION. AIG ALSO ENTERED INTO AN AGREEMENT WITH THE UNITED STATES DEPARTMENT OF JUSTICE IN CONNECTION WITH THE ACCOUNTING AND FINANCIAL REPORTING PRACTICES OF AIG AND ITS SUBSIDIARIES. AS PART OF THAT AGREEMENT, AIG PAID A \$25 MILLION FINE DEPOSITED INTO THE UNITED STATES POSTAL INSPECTION CONSUMER FRAUD FUND. AS PART OF THESE SETTLEMENTS, AIG HAS AGREED TO RETAIN FOR A PERIOD OF THREE YEARS AN INDEPENDENT CONSULTANT WHO WILL CONDUCT A REVIEW THAT WILL INCLUDE THE ADEQUACY OF AIG'S INTERNAL CONTROLS OVER FINANCIAL REPORTING AND THE REMEDIATION PLAN THAT AIG HAS IMPLEMENTED AS A RESULT OF ITS OWN INTERNAL REVIEW.

Disclosure 2 of 3

Reporting Source:	Firm
Affiliate:	AMERICAN INTERNATIONAL GROUP, INC.
Current Status:	Final
Allegations:	ON MAY 26, 2005, THE NEW YORK ATTORNEY GENERAL AND THE NEW YORK SUPERINTENDENT OF INSURANCE FILED A CIVIL COMPLAINT AGAINST AMERICAN INTERNATIONAL GROUP, INC. ("AIG"), AMONG OTHERS, IN THE SUPREME COURT OF THE STATE OF NEW YORK. THE COMPLAINT ASSERTED CLAIMS UNDER NEW YORK'S MARTIN ACT AND INSURANCE LAW, AMONG OTHERS, AND MADE ALLEGATIONS CONCERNING CERTAIN TRANSACTIONS AND PRACTICES ENTERED INTO BY AIG AND CERTAIN OF ITS SUBSIDIARIES.
Initiated By:	NY ATTORNEY GENERAL & NY STATE DEPARTMENT OF INSURANCE
Court Details:	SUPREME COURT OF THE STATE OF NEW YORK, COUNTY OF NEW YORK, INDEX NUMBER: 401720/2005
Date Court Action Filed:	05/26/2005
Principal Product Type:	Insurance
Other Product Types:	
Relief Sought:	Injunction



Other Relief Sought:	COMPLAINT ALSO REQUESTS DISGORGEMENT, RESTITUTION, MONEY DAMAGES AND PUNITIVE DAMAGES.
Resolution:	Settled
Resolution Date:	02/09/2006
Sanctions Ordered or Relief Granted:	Monetary/Fine \$100,000,000.00 Disgorgement/Restitution
Other Sanctions:	SEE ITEM #14.
Sanction Details:	SEE ITEM #14.
Firm Statement	<p>AIG ENTERED INTO SETTLEMENT AGREEMENTS WITH THE OFFICE OF THE NEW YORK STATE ATTORNEY GENERAL (NYAG) AND THE NEW YORK STATE DEPARTMENT OF INSURANCE (DOI) IN CONNECTION WITH THE FINANCIAL REPORTING AND INSURANCE BROKERAGE PRACTICES OF AIG AND ITS SUBSIDIARIES, AS WELL AS CLAIMS RELATING TO THE UNDERPAYMENT OF CERTAIN WORKERS COMPENSATION PREMIUM TAXES AND OTHER ASSESSMENTS. THE AGREEMENTS SETTLED CLAIMS UNDER NEW YORK'S MARTIN ACT AND INSURANCE LAW, AMONG OTHER PROVISIONS, WHICH WERE ORIGINALLY BROUGHT BY THE NYAG AND DOI IN A CIVIL COMPLAINT FILED ON MAY 26, 2005. UNDER THE AGREEMENT, \$375 MILLION WAS PAID INTO A FUND UNDER THE SUPERVISION OF THE NYAG AND THE DOI FOR ALLEGED INJURIES CAUSED BY CERTAIN PRACTICES WITH RESPECT TO EXCESS CASUALTY INSURANCE. IN ADDITION, APPROXIMATELY \$343.5 MILLION WILL BE USED TO COMPENSATE EACH OF THE FIFTY STATES IN CONNECTION WITH THE PAYMENT OF CERTAIN WORKERS COMPENSATION PREMIUM TAXES AND OTHER ASSESSMENTS. IN ADDITION, AIG PAID A \$100 MILLION AS A FINE TO THE STATE OF NEW YORK.</p> <p>AS PART OF THESE SETTLEMENTS, AIG HAS AGREED TO RETAIN FOR A PERIOD OF THREE YEARS AN INDEPENDENT CONSULTANT WHO WILL CONDUCT A REVIEW THAT WILL INCLUDE THE ADEQUACY OF AIG'S INTERNAL CONTROLS OVER FINANCIAL REPORTING AND THE REMEDIATION PLAN THAT AIG HAS IMPLEMENTED AS A RESULT OF ITS OWN INTERNAL REVIEW.</p>

Disclosure 3 of 3

Reporting Source:	Firm
Affiliate:	AMERICAN INTERNATIONAL GROUP, INC.
Current Status:	Final



Appellate Court Name and Date Appeal Filed:	N/A
Allegations:	THE SEC FILED A CIVIL ACTION AGAINST AMERICAN INTERNATIONAL GROUP, INC. ("AIG"), THE INDIRECT OWNER OF APPLICANT, ALLEGING VIOLATIONS OF CERTAIN ANTIFRAUD PROVISIONS OF THE FEDERAL SECURITIES LAWS AND FOR AIDING AND ABETTING VIOLATIONS OF REPORTING AND RECORD KEEPING PROVISIONS OF THOSE LAWS. THE SEC'S ACTION AROSE OUT OF THE CONDUCT OF AIG, PRIMARILY THROUGH ITS WHOLLY OWNED SUBSIDIARY AIG FINANCIAL PRODUCTS CORP. ("AIG-FP") (I) IN DEVELOPING, MARKETING AND ENTERING INTO THREE TRANSACTIONS DURING 2001 THAT WERE INTENDED TO ENABLE A PUBLIC COMPANY (PNC FINANCIAL SERVICES GROUP, INC. ("PNC")) TO REMOVE CERTAIN ASSETS FROM ITS BALANCE SHEET AND (II) IN MARKETING SIMILAR TRANSACTION STRUCTURES TO OTHER POTENTIAL COUNTERPARTIES. THE COMPLAINT ALLEGES, INTER ALIA, THAT AIG-FP RECKLESSLY MISREPRESENTED, AND WAS RECKLESS IN NOT KNOWING, THAT THE TRANSACTIONS ENTERED INTO WITH PNC AND MARKETED TO OTHER POTENTIAL COUNTERPARTIES DID NOT SATISFY THE REQUIREMENTS OF GAAP FOR NON-CONSOLIDATION OF SPECIAL PURPOSE ENTITIES.
Initiated By:	SEC
Court Details:	UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA CIVIL ACTION NO. 1:04CV02070
Date Court Action Filed:	11/30/2004
Principal Product Type:	Other
Other Product Types:	SPECIAL PURPOSE ENTITY TRANSACTIONS ARRANGED BY AIG.
Relief Sought:	Civil Penalty(ies)/Fine(s)
Other Relief Sought:	INJUNCTION, UNDERTAKING.
Resolution:	Settled
Resolution Date:	11/30/2004
Sanctions Ordered or Relief Granted:	Disgorgement/Restitution Cease and Desist/Injunction
Other Sanctions:	N/A
Sanction Details:	AIG, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS IN THE SEC COMPLAINT, CONSENTED TO THE ISSUANCE OF A FINAL JUDGMENT: (A) PERMANENTLY ENJOINING IT AND ITS EMPLOYEES AND RELATED PERSONS FROM VIOLATING SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), EXCHANGE ACT RULE 10B-5,



AND SECTION 17(A) OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT") AND FROM AIDING AND ABETTING VIOLATIONS OF SECTIONS 13(A) AND 13(B)(2)(A) OF THE EXCHANGE ACT AND EXCHANGE ACT RULES 12B-20, 13A-1, AND 13A-13; (B) ORDERING IT TO DISGORGE THE \$39,821,000 IN FEES THAT IT RECEIVED FROM THE PNC TRANSACTIONS, PLUS PREJUDGMENT INTEREST OF \$6,545,000; AND (C) PROVIDING FOR AIG TO RETAIN AN INDEPENDENT CONSULTANT TO EXAMINE CERTAIN TRANSACTIONS ENTERED INTO BETWEEN 2000 AND 2004 AND TO ESTABLISH A TRANSACTION REVIEW COMMITTEE TO REVIEW THE APPROPRIATENESS OF CERTAIN FUTURE TRANSACTIONS.

Firm Statement

SEE ITEMS 7 AND 13.

Reporting Source:

Firm

Affiliate:

AIG FINANCIAL PRODUCTS CORP.

Current Status:

Final

Appellate Court Name and Date Appeal Filed:

N/A

Allegations:

THE SEC FILED A CIVIL ACTION AGAINST AMERICAN INTERNATIONAL GROUP, INC. ("AIG"), THE INDIRECT OWNER OF APPLICANT, ALLEGING VIOLATIONS OF CERTAIN ANTIFRAUD PROVISIONS OF THE FEDERAL SECURITIES LAWS AND FOR AIDING AND ABETTING VIOLATIONS OF REPORTING AND RECORD KEEPING PROVISIONS OF THOSE LAWS. THE SEC'S ACTION AROSE OUT OF THE CONDUCT OF AIG, PRIMARILY THROUGH ITS WHOLLY OWNED SUBSIDIARY AIG FINANCIAL PRODUCTS CORP. ("AIG-FP") (I) IN DEVELOPING, MARKETING AND ENTERING INTO THREE TRANSACTIONS DURING 2001 THAT WERE INTENDED TO ENABLE A PUBLIC COMPANY (PNC FINANCIAL SERVICES GROUP, INC. ("PNC")) TO REMOVE CERTAIN ASSETS FROM ITS BALANCE SHEET AND (II) IN MARKETING SIMILAR TRANSACTION STRUCTURES TO OTHER POTENTIAL COUNTERPARTIES. THE COMPLAINT ALLEGES, INTER ALIA, THAT AIG-FP RECKLESSLY MISREPRESENTED, AND WAS RECKLESS IN NOT KNOWING, THAT THE TRANSACTIONS ENTERED INTO WITH PNC AND MARKETED TO OTHER POTENTIAL COUNTERPARTIES DID NOT SATISFY THE REQUIREMENTS OF GAAP FOR NON-CONSOLIDATION OF SPECIAL PURPOSE ENTITIES.

Initiated By:

SEC

Court Details:

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA
CIVIL ACTION NO. 1:04CV02070

Date Court Action Filed:

11/30/2004



Principal Product Type: Other

Other Product Types: SPECIAL PURPOSE ENTITY TRANSACTIONS ARRANGED BY AIG.

Relief Sought: Civil Penalty(ies)/Fine(s)

Other Relief Sought: INJUNCTION, UNDERTAKING.

Resolution: Settled

Resolution Date: 11/30/2004

Sanctions Ordered or Relief Granted: Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions: N/A

Sanction Details: AIG, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS IN THE SEC COMPLAINT, CONSENTED TO THE ISSUANCE OF A FINAL JUDGMENT: (A) PERMANENTLY ENJOINING IT AND ITS EMPLOYEES AND RELATED PERSONS FROM VIOLATING SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), EXCHANGE ACT RULE 10B-5, AND SECTION 17(A) OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT") AND FROM AIDING AND ABETTING VIOLATIONS OF SECTIONS 13(A) AND 13(B)(2)(A) OF THE EXCHANGE ACT AND EXCHANGE ACT RULES 12B-20, 13A-1, AND 13A-13; (B) ORDERING IT TO DISGORGE THE \$39,821,000 IN FEES THAT IT RECEIVED FROM THE PNC TRANSACTIONS, PLUS PREJUDGMENT INTEREST OF \$6,545,000; AND (C) PROVIDING FOR AIG TO RETAIN AN INDEPENDENT CONSULTANT TO EXAMINE CERTAIN TRANSACTIONS ENTERED INTO BETWEEN 2000 AND 2004 AND TO ESTABLISH A TRANSACTION REVIEW COMMITTEE TO REVIEW THE APPROPRIATENESS OF CERTAIN FUTURE TRANSACTIONS.

Firm Statement SEE ITEMS 7 AND 13.

End of Report



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