UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 81904 / October 19, 2017

ADMINISTRATIVE PROCEEDING
FILE No. 3-12115

In the Matter of **AMERICAN EXPRESS FINANCIAL ADVISORS INC. (now known as AMERIPRISE FINANCIAL SERVICES, INC.),** **Respondent.**	**ORDER AUTHORIZING THE TRANSFER TO THE U.S. TREASURY OF THE REMAINING FUNDS AND ANY FUNDS RETURNED TO THE FAIR FUND IN THE FUTURE, DISCHARGING THE FUND ADMINISTRATOR, AND TERMINATING THE FAIR FUND**

On December 1, 2005, the United States Securities and Exchange Commission ("Commission") issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-And-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934 (the "Order")[1] against American Express Financial Advisors Inc. (the "Respondent") for failing to adequately disclose to certain investors (the "Affected Investors") material information concerning its conflicts of interest in offering and selling shares of mutual fund families whose affiliates made revenue sharing payments to the Respondent in exchange for, among other things, inclusion on the Respondent's brokerage platform. The Commission ordered the Respondent to pay $30 million, comprised of $15 million in disgorgement and prejudgment interest and a $15 million civil penalty. The Order further established a Fair Fund pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002 for the total amount ordered (the "Fair Fund") and required the Respondent to retain an Independent Distribution Consultant (the "IDC") to develop a distribution plan for the distribution of the Fair Fund (the "Distribution Plan").

[1] Securities Act Rel. No. 8637 (Dec. 1, 2005).

On February 15, 2008, the Secretary, pursuant to delegated authority, published a Notice of Proposed Distribution Plan and Opportunity for Comment[2] pursuant to Rule 1103 of the Commission's Rules on Fair Fund and Disgorgement Plans (the "Rules"), 17 C.F.R. § 201.1103. The Commission received no comments and on April 9, 2008, the Secretary, pursuant to delegated authority, issued an order that approved the Distribution Plan, appointed Nelson S. Kibler as the Fund Administrator, and waived the bond requirement.[3]

Under the Distribution Plan, approximately $31.8 million available for distribution was to be distributed to Affected Investors according to a formula designed to capture the impaired value of each Affected Investor's investment in a mutual fund family with which the Respondent had an inadequately disclosed revenue sharing agreement. Fair Fund monies were to be paid by electronic credit to any Affected Investor with a current and active account with the Respondent, and by check to all other Affected Investors.

On August 19, 2008, the Commission issued an Order directing the disbursement of (approximately) $31.8 million from the Fair Fund for distribution in accordance with the Plan.4 The Fund Administrator disbursed approximately $18 million by credits to existing accounts, and the remaining (approximately) $13 million through the issuance of approximately 450,000 checks. Checks worth approximately $1.3 million were returned or remained uncashed beyond their stale date, and the Fund Administrator undertook supplemental outreach efforts to get them to Affected Investors, resulting in the negotiation of over 5,000 checks valued at more than $320,000. Ultimately, approximately $30.3 million, or just over 95% of the Distributable Amount of approximately $31.8 million was distributed to Affected Investors. The Fair Fund currently holds $1,788,720.05, largely comprised of uncashed and undeliverable checks, returned funds, and accrued interest.

The Plan provides that the Fair Fund is eligible for termination and the Fund Administrator discharged after all of the following have occurred: (1) the final accounting by the IDC has been submitted and approved by the Commission; (2) all taxes have been paid; and (3) all remaining funds or any residual have been transferred to the U.S. Treasury. A final accounting, which was submitted to the Commission for approval as required by Rule 1105(f) of the Rules, 17 C.F.R. § 201.1105(f), and as set forth in the Plan, is now approved. The staff has verified that all taxes, fees, and expenses have been paid, and the Commission is in possession of the remaining funds.

---

[2] Exchange Act Rel. No. 57341 (Feb. 15, 2008).
[3] *See* Order Approving Distribution Plan, Appointing an Administrator, and Waiving Bond, Exchange Act Rel. No. 57639 (Apr. 9, 2008).
[4] Order Directing Disbursement of Fair Fund, Exchange Act Rel. Nos. 58388 (Aug. 19, 2008).

Accordingly, it is ORDERED that:

A. The remaining Fair Fund balance of $1,788,720.05 and any funds returned to the Fair Fund in the future, shall be transferred to the U.S. Treasury;

B. The Fund Administrator, Nelson S. Kibler, is discharged; and

C. The Fair Fund is terminated.

By the Commission.

Brent J. Fields
Secretary