

**COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, ROOM 1701
BOSTON, MASSACHUSETTS 02108**

IN THE MATTER OF:)	
)	
AMERIPRISE FINANCIAL SERVICES, INC.)	CONSENT ORDER
- NON TRADED REITS)	
_____)	E-2013-0045
)	

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I. INTRODUCTION

This Consent Order (“Order”) is entered into by the Massachusetts Securities Division (“Division”) and Ameriprise Financial Services, Inc. (hereinafter “Respondent”) in connection with an investigation initiated by the Division on January 3, 2013 concerning non-traded REITs sold by Respondent. On May 21, 2013, Respondent submitted an Offer of Settlement (“Offer”) to the Division for the purpose of disposing the allegations set forth in the Offer. Respondent, admitting to the Statements of Fact as set forth in Section V and neither admitting nor denying the Violations of Law set out in Section VI herein, and consents solely for the purpose of these proceedings to the entry of this Order by the Division, consistent with the language and terms of the Offer, settling the claims brought hereby with prejudice.

II. JURISDICTION AND AUTHORITY

1. The Massachusetts Securities Division is a division of the Office of the Secretary of the Commonwealth with jurisdiction over matters relating to securities, as provided for by the Act. The Act authorizes the Division to regulate: 1) the offers, sales, and purchases of securities; 2) those individuals and entities offering and/or selling

securities; and 3) those individuals and entities transacting business as investment advisers within the Commonwealth.

2. The Division instituted this action pursuant to the enforcement authority conferred upon it by § 407A of the Act and MASS. GEN. LAWS ch. 30A, wherein the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and all Regulations and rules promulgated thereunder.
3. The proceeding was brought in accordance with §§ 204 and 407A of the Act and its Regulations. Specifically, the acts and practices constituting violations occurred within the Commonwealth of Massachusetts.

III. RELEVANT TIME PERIOD

4. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of January 1, 2005 to the present (the “Relevant Time Period”).

IV. RESPONDENT

5. Ameriprise Financial Services, Inc. (“Ameriprise”) is an entity currently registered as a broker-dealer firm in Massachusetts. Ameriprise maintains Central Registration Depository (“CRD”) number 6363. Ameriprise’s principal place of business is located at 707 2nd Avenue South, Minneapolis, Minnesota, 55402.

V. STATEMENTS OF FACT

A. Introduction

6. During the Relevant Time Period, certain non-traded REIT prospectuses contained specific heightened requirements for sales to Massachusetts residents including, but not limited to, maximum concentration and minimum net worth.

7. Pursuant to the Enforcement Section's investigation, the Enforcement Section reviewed 1,794 Massachusetts resident transactions executed over a three-year period, 2006 through 2009, with a total of \$54,220,290.00 invested by Massachusetts residents.
8. The Enforcement Section initially reviewed two (2) non-traded REIT products approved for sale by Ameriprise including, Inland Western Retail Real Estate Trust, Inc. ("Inland Western") and Inland American Real Estate Trust, Inc. ("Inland American") (collectively the "Inland Products").
9. Ameriprise registered representatives and investment adviser representatives (collectively "Ameriprise Representatives") sold Inland Products in violation of prospectus requirements in 54 transactions during the time period 2006 through 2008.

B. Ameriprise's Compliance Requirements for the Sale of Non-Traded REITs

a. Ameriprise's Compliance Policy Manual and Written Supervisory Procedures

10. Ameriprise maintained Compliance Policy Manuals and/or Compliance Policies and Procedures (collectively the "Compliance Manuals") throughout the Relevant Time Period.
11. The Compliance Manuals provide specific requirements regarding the sale of alternative investment products to investors—including non-traded REITs.
12. As early as July 12, 2006, Ameriprise incorporated non-traded REIT guidance in Ameriprise Compliance Manuals.
13. As early as July 2006, Ameriprise provided additional guidance regarding the sale of non-traded REIT products in Ameriprise's Compliance Manual. In part, Ameriprise's 2006 Compliance Manual provided, "Clients must meet minimum income and net

worth requirements which vary by state. . . . [M]any programs and/or states have higher requirements. . . . See REIT or LP prospectus for minimum requirements.”

14. Starting as early as October 2007, Ameriprise’s Compliance Manual provided: “All sales must meet the minimum suitability requirements and minimum purchase amounts listed in the prospectus and/or established by Ameriprise Financial.”
15. Ameriprise’s Compliance Manuals also provide baseline suitability concentration requirements based on a client’s age, investment period, experience, and risk tolerance.
16. Until April 13, 2009, Ameriprise Compliance Manuals provided: “Clients under age 80 must have either (1) a minimum annual gross income of \$45,000 and a minimum net worth (excluding home, home furnishings and automobiles) of \$45,000 or (2) a minimum net worth of \$150,000. . . . If the client is age 80 or older, they must have a minimum net worth (excluding home, home furnishings and automobiles) of \$500,000.”
17. As of April 13, 2009, consistent with the North American Securities Administration Association’s published non-traded REIT suitability guidelines, Ameriprise Compliance Manuals increased annual gross income and net worth requirements, providing: Clients under age 80 must have either (1) a minimum annual gross income of \$70,000 and a minimum net worth (excluding home, home furnishings and automobiles) of \$70,000 or (2) a minimum net worth of \$250,000. . . . If the client is age 80 or older, they must have a minimum net worth (excluding home, home furnishings and automobiles) of \$500,000.”

18. While all of the Compliance Manuals reviewed indicated that product prospectuses may vary, and emphasized that the prospectuses should be referenced for current state requirements, none of the Compliance Manuals incorporated the unique, state-specific concentration or liquid net worth requirements that are sometimes included in particular prospectuses.
19. Ameriprise's Supervisory Procedures for the Relevant Time Period also contain requirements regarding non-traded REITs—including the review of all REIT transactions by registered principals.
20. During the period of October 2009 through April 2011, Ameriprise enhanced its policies and procedures regarding the sale of non-traded REITs—including the implementation of mandatory training for supervisors and registered representatives, changes to its non-traded REIT investment form to capture the client's liquid net worth calculated in accordance with state-specific suitability requirements, and enhancements to the automated supervisory review tool used by Ameriprise to flag state specific suitability requirements.
21. By 2010, Ameriprise's Centralized Supervision Unit was responsible for reviewing and approving all non-traded REIT transactions, including a review of transactions against any Massachusetts specific requirements set forth in the relevant product prospectus.

b. Ameriprise's Direct Investment Purchase Application Form

22. According to Ameriprise's Compliance Manuals, "[a] copy of each document listed below must be placed in the client file . . . [t]he Direct Investment Purchase

Application Form[,] REIT subscription agreement[,] Method of Payment[,] [i]f a new client, trust or entity, a Client Profile Form is required.”

23. Among other information, Ameriprise’s Direct Investment Purchase Application Form provides: “Refer to product prospectus for all suitability requirements. There are no exceptions to state limits.”

C. The Enforcement Section’s Investigation into Inland Products

a. Inland Western

24. The Inland Group, Inc. (“Inland”) created Inland Western, a non-traded REIT on March 5, 2003.
25. Ameriprise produced a statement on January 18, 2013, in response to a subpoena indicating that Ameriprise approved Inland Western on March 25, 2004.
26. Ameriprise contracted with Inland for sale of Inland Western shares through a Soliciting Dealers Agreement (“Inland Agreement One”) entered into on March 25, 2004.
27. Inland Agreement One included the following restriction:

The Soliciting Dealer agrees that the Soliciting Dealer will not make any offers except in states in which the Dealer Manager may advise the Soliciting Dealer that the Offering has been qualified or is exempt and further agree to assure that each person to whom the Soliciting Dealer sells Shares (at both the time of the initial purchase as well as at the time of any subsequent purchases) meets any special suitability standards which apply to sales in a particular jurisdiction, as described in the Blue Sky Survey and the Subscription Agreement.
28. Ameriprise again contracted with Inland for sale of Inland Western shares through a Soliciting Dealers Agreement (“Inland Agreement Two”) entered into on February 3, 2005.

29. Inland Western prospectuses contained heightened Massachusetts specific suitability standards.
30. All Inland Western prospectuses stated that Massachusetts residents must have a minimum net worth of at least \$225,000; or both a minimum annual gross income of at least \$60,000 and a minimum net worth of at least \$60,000.
31. The Enforcement Section subpoenaed documents and interrogatory responses detailing all sales of the investment product Inland Western to all Massachusetts residents from January 1, 2005 to January 3, 2013.

b. Inland American

32. Inland created Inland American, a non-traded REIT on October 4, 2004.
33. Ameriprise produced a statement on January 18, 2013 in response to a subpoena indicating that Ameriprise approved Inland American on June 28, 2006.
34. Ameriprise contracted with Inland for sale of Inland American shares through a Soliciting Dealers Agreement (“Inland Agreement”).
35. The Inland Agreement included the following restriction:

Ameriprise agrees to retain and update in its records, information establishing that each person who purchases Shares pursuant to a subscription agreement solicited by Ameriprise is within the permitted class of investors and the requirements, if any, of the jurisdiction in which such purchaser is a resident and the suitability standards set forth in the Prospectus and the subscription agreement in accordance with applicable federal and state law, rules and regulations and the Conduct Rules of the NASD.
36. Inland American prospectuses contained heightened Massachusetts specific suitability standards.

37. All Inland American prospectuses stated that Massachusetts residents must have a minimum net worth of at least \$250,000; or both a minimum annual gross income of at least \$70,000 and a minimum net worth of at least \$70,000.
38. Starting with the August 31, 2005 prospectus and including the December 8, 2006 prospectus, Inland American prospectuses further provided, “[i]n addition to meeting the applicable minimum suitability standards . . . **your investment may not exceed (10.0%) of your liquid net worth.**” (Emphasis added).
39. The August 1, 2007 and January 7, 2009 Inland American prospectuses also provided, that with respect to Massachusetts residents, “**your investment may not exceed 10% of your liquid net worth . . .**” (Emphasis added).
40. The Enforcement Section subpoenaed documents and interrogatory responses detailing all sales of the investment product Inland American to all Massachusetts residents from January 1, 2005 to January 3, 2013.

D. Ameriprise’s Approval and Sale of Inland Products

a. Ameriprise’s Approval of Massachusetts Resident Transactions

41. Pursuant to the Enforcement Section’s investigation, Ameriprise identified 1,794 Massachusetts resident transactions in Inland American with a total of \$54,220,290.00 invested from 2006 through 2009.

b. Ameriprise Representatives Sold Non-traded REITs in Excess of Heightened Massachusetts Prospectus Requirements

42. Ameriprise Representatives sold non-traded REITs in excess of Massachusetts 10% maximum concentration limits imposed by non-traded REIT prospectuses in 32 Inland American transactions.

43. Ameriprise Representatives additionally sold non-traded REITs in excess of Massachusetts net worth and annual income requirements imposed by non-traded REIT prospectuses in 22 identified Inland Product transactions.
44. In summation, Ameriprise Representatives sold non-traded REITs in excess of Massachusetts prospectus requirements in at least 54 Inland Product transactions between 2006 and 2008 for a total of at least \$2,529,890.00.

VI. VIOLATIONS OF SECURITIES LAWS

a. Count I - Violations of § 204(a)(2)(G) by Ameriprise

45. Section 204(a)(2)(G) of the Act provides in pertinent part:

(a) The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:—

.....

(G) has engaged in any unethical or dishonest conduct or practices in the securities, commodities or insurance business[.]

46. 950 CODE MASS. REGS. §12.204 (1)(a)(28) provides in pertinent part:

(1) Dishonest and unethical practices in the securities business.

(a) Broker-Dealers. Each broker-dealer shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of its business. Acts and practices, including, but not limited to the following, are considered contrary to such standards and constitute dishonest or unethical practices which are grounds for imposition of an administrative fine, censure, denial, suspension or revocation of a registration, or such other appropriate action:

.....

28. Failure to comply with any applicable provision of FINRA member conduct rules or any applicable fair practice or ethical standard promulgated by the SEC or by a self-regulatory organization approved by the SEC.

47. The applicable FINRA rules provide in pertinent part:

2010. Standards of Commercial Honor and Principles of Trade

A member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.

48. The conduct of Ameriprise as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 204(a)(2)(G).

b. Count II - Violations of § 204(a)(2)(G) by Ameriprise

49. Section 204(a)(2)(G) of the Act provides in pertinent part:

(a) The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:—

(G) has engaged in any unethical or dishonest conduct or practices in the securities, commodities or insurance business[.]

50. 950 CODE MASS. REGS. §12.205(9)(a)(c) states in pertinent part:

(9) Fraudulent Practices/Dishonest or Unethical Practices. (a) As used in 950 CMR 12.205(9), “adviser” refers to any person, including persons registered or excluded from registration under M.G.L. c. 110A, who receives any consideration from another person primarily for advising the other person as to the value of securities or their purchase and sale, whether through the issuance of analyses or reports or otherwise. It is a rebuttable presumption that such term includes all investment advisers and investment adviser representatives, as well as other persons who charge fees based on assets under management or portfolio performance for rendering investment advice.

.....
(c) The following practices are a non-exclusive list of practices by an adviser which shall be deemed “dishonest or unethical conduct

or practices in the securities business” for purposes of M.G.L. c. 110A, § 204(a)(2)(G) [.]

51. The conduct of Ameriprise, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 204(a)(2)(G).

c. Count III - Violations of § 204(a)(2)(J) by Ameriprise

52. Section 204(a)(2)(J) of the Act provides in pertinent part:

(a) The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:—

.....
(J) has failed reasonably to supervise agents, investment adviser representatives or other employees to assure compliance with this chapter[.]

53. The conduct of Ameriprise, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 204(a)(2)(J).

VII. ORDER

Ameriprise consents to the entry of this Order,

IT IS HEREBY ORDERED

Respondent in full settlement of these matters admits to the Statements of Facts as set forth in Section V, and neither admits nor denies the Violations of Law set out in Section VI herein, makes the following representations, and agrees to the undertakings herein as part of the Order:

- A. Respondent agrees to permanently cease and desist from conduct in violation of the Act and Regulations in the Commonwealth;

- B. Respondent agrees to be censured by the Division;
- C. Respondent agrees to offer restitution¹ to all Ameriprise customers who were Massachusetts residents at the time they purchased an Inland Product in their Ameriprise account (regardless of whether the shares of the non-traded REIT are presently held in an Ameriprise account or the individual or entity no longer resides in Massachusetts) between January 1, 2005 and the present (as identified on Appendix 1² hereto) in violation of any of the following:
- a. Those transactions made in violation of the Massachusetts maximum ten percent (10%) concentration limitation imposed by certain non-traded REIT prospectuses, including all transactions which singularly exceed the ten percent (10%) concentration limitation, and all transactions which, when combined with other purchases by the same investor in the same non-traded REIT, exceed the ten percent (10%) concentration limitation;
 - b. Those transactions made in violation of non-traded REIT prospectus prescribed net worth and annual income suitability standards; or
 - c. Those transactions made in violation of Respondent's Compliance Manual and Written Supervisory Procedures prescribed alternative investment suitability requirements.
- D. Respondent agrees that the offer of restitution shall be sent to Massachusetts investors identified in Section VII, subsection C, in a letter ("Offer Letter One") sent to the

¹ Restitution as used in this Order means the offer by Respondent to purchase from customers, as further defined herein, their presently held non-traded REIT shares at the purchase price as reflected in the corresponding non-traded REIT offering document.

² Appendix 1 shall include all Inland Product transactions identified within Section VII, Subsection C, subparts (a)-(c).

address of record for such investors, a draft of which shall be provided to the Division within thirty (30) days of entry of the Order; and a finalized version not unacceptable to the Division, which shall be mailed to Massachusetts investors identified in Section VII, subsection C within thirty (30) days of approval of such letter. Offer Letter One will remain open for ninety (90) days. Within forty-five (45) days of entry of the Order, Respondent shall provide the Division with a list of the names and addresses of all Massachusetts residents listed on Appendix 1. Within thirty (30) days of the mailing of Offer Letter One, Respondent shall provide the Division with a list of all Massachusetts residents for whom Respondent receives an offer as returned to sender (“Undeliverable Massachusetts Residents”). To the extent the Division has access to different mailing address information for Undeliverable Massachusetts Residents; Respondent agrees to mail a second Offer Letter One to Massachusetts residents within 30 days of the Division’s providing such different address. Massachusetts residents who choose to accept the offer of restitution shall be required to sign a release in a form not unacceptable to the Division, agreeing to waive any further claims against Respondent or its agents relating to any violation identified in Section VII, subsection C, subpart a through c giving rise to the offer of restitution, and agreeing to offset any additional claims relating to identified transactions by the amount received by this offer of settlement. In addition, eligible customers who choose to accept the offer of restitution must agree to tender their existing shares in the non-traded REIT giving rise to the offer of restitution to Respondent or its designee, as a precondition to receipt of the payment of restitution by Respondent.³ The offer of

³ As pertaining to any investor who may have a physical certificate(s) of the identified non-traded REITs,

restitution shall be in the form of a bank check unless requested otherwise by the Massachusetts resident. Respondent shall be permitted to reduce its offer of restitution to each client listed on Appendix 1 by the number of previously redeemed shares (if any) by the REIT company at issue. In all instances where any Massachusetts resident listed on Appendix 1 previously redeemed shares at a discount or incurred any fees or charges directly related to the previous redemption of shares, Respondent shall compensate the Massachusetts resident for any difference in redemption price and for Ameriprise fees and charges.

E. Within forty-five (45) days of the expiration of Offer Letter One, Respondent agrees to prepare, and submit to the Division, a report detailing the amount of funds reimbursed pursuant to the Order, which shall include:

- i. Identification of all accepted and verified offers;
- ii. Dates, amounts, and methods of the transfer of funds for all recessionary payments;
- iii. Identification and detailed descriptions of any objections received by Respondent.

F. Respondent further agrees to undertake the identification of all Ameriprise customers who were Massachusetts residents at the time they purchased a non-traded REIT in their Ameriprise account (regardless of whether the shares of the non-traded REIT are presently held in an Ameriprise account or the individual or entity no longer resides in Massachusetts) between January 1, 2005 and the present. This identification process will be completed within ninety (90) days of the entry of the Order.

Respondent will provide these Massachusetts residents additional time to locate all physical certificate(s) not unacceptable to the Division.

Respondent agrees to offer restitution to those further Ameriprise clients identified on Appendix 2⁴ hereto as a result of the above-referenced identification process, if the identified transaction(s) was made in violation of any of the following:

- a. Those transactions made in violation of the Massachusetts maximum ten percent (10%) concentration limitation imposed by certain non-traded REIT prospectuses, including all transactions which singularly exceeded the ten percent (10%) concentration limitation, and all transactions which, when combined with other purchases by the same investor in the same non-traded REIT, exceed the ten percent (10%) concentration limitation;
 - b. Those transactions made in violation of non-traded REIT prospectus prescribed net worth and annual income suitability standards; or
 - c. Those transactions made in violation of Respondent's Compliance Manual and Written Supervisory Procedures prescribed alternative investment suitability requirements.
- G. Respondent agrees that the offer of restitution shall be sent to Massachusetts investors identified in Section VII, subsection F, in a letter ("Offer Letter Two") sent to the address of record for such investors, a draft of which shall be provided to the Division within thirty (30) days of entry of the Order; and a finalized version not unacceptable to the Division, which shall be mailed to Massachusetts investors identified in Section VII, subsection F within thirty (30) days of approval of such letter.. Offer Letter Two will remain open for ninety (90) days. Within ninety (90) days of entry of the Order, Respondent shall provide the Division with a list of the names and addresses of all

⁴ Appendix 2 shall include all transactions identified within Section VII, Subsection F, subparts (a) – (c).

Massachusetts residents listed on Appendix 2. Within thirty (30) days of the mailing of Offer Letter Two, Respondent shall provide the Division with a list of all Massachusetts residents for whom Respondent receives an offer as returned to sender (“Undeliverable Massachusetts Residents”). To the extent the Division has access to different mailing address information for Undeliverable Massachusetts residents, Respondent agrees to mail a second Offer Letter Two to Massachusetts residents within thirty (30) days of the Division’s providing such different Massachusetts residents who choose to accept the offer of restitution shall be required to sign a release in a form not unacceptable to the Division, agreeing to waive any further claims against Respondent or its agents relating to any violation identified in Section VII, subsection F, subpart a through c, giving rise to the offer of restitution, and agreeing to offset any additional claims relating to identified transactions by the amount received by this offer of settlement.. In addition, eligible customers who choose to accept the offer of restitution must agree to tender their existing shares in the non-traded REIT giving rise to the offer of restitution to Respondent or its designee, as a precondition to receipt of the payment of restitution by Respondent.⁵ The offer of restitution shall be in the form of a bank check unless requested otherwise by the Massachusetts resident. Respondent shall be permitted to reduce its offer of restitution to each client listed on Appendix 1 by the number of previously redeemed shares (if any) by the REIT company at issue. In all instances where any Massachusetts resident identified in the above referenced identification process previously redeemed shares at

⁵ As pertaining to any investor who may have physical certificates of the identified non-traded REITs, Respondent will provide these Massachusetts residents additional time to locate all physical certificate(s) not unacceptable to the Division.

a discount or incurred any fees or charges directly related to the previous redemption of shares, Respondent shall compensate the Massachusetts resident for any difference in redemption price and for Ameriprise fees and charges.

H. Within forty-five (45) days of the expiration of Offer Letter Two, Respondent agrees to prepare, and submit to the Division, a report detailing the amount of funds reimbursed pursuant to the Order, which shall include:

- i. Identification of all accepted and verified offers;
- ii. Dates, amounts, and methods of the transfer of funds for all recessionary payments;
- iii. Identification and detailed descriptions of any objections received by Respondent.

I. Respondent agrees to pay an administrative fine within thirty (30) calendar days following the date the Order executed pursuant to this Offer is entered into the docket in the amount of \$400,000.00 (USD). Payment shall be: (1) made by United States postal money order, certified check, bank cashier's check, bank money order, or wire; (2) made payable to the Commonwealth of Massachusetts; (3) either hand-delivered, mailed to One Ashburton Place, Room 1701, Boston, Massachusetts 02108; or wired per Division instructions; and (4) submitted under cover letter or other documentation that identifies payment by Respondent and the docket number of the proceeding;

J. The President of Respondent has certified in writing to the Division, via Exhibit A hereto, that Respondent has existing policies and procedures that include the following:

- (1) Mandatory alternative investment training, including, but not limited to non-traded REITs, for all registered representatives and supervisory staff of Ameriprise's Centralized Supervision Unit, before the registered representatives may sell, and before any supervisory staff personnel of Ameriprise's Centralized Supervision Unit may approve the sale of, non-traded REITs;
- (2) Supervisory oversight for the review and approval of all alternative investments, including, but not limited to non-traded REITs, conducted by dedicated supervisory staff whose function includes the review and approval of the sale of alternative investments, including, but not limited to non-traded REITs;
- (3) An automated supervisory review tool used by the Centralized Supervision Unit that captures state-specific suitability requirements; and
- (4) A non-traded REIT investment form that includes a plain language section designed to capture the client's liquid net worth to be calculated in accordance with prospectus methodology for those offerings subject to a state specific suitability requirement.

K. The President of Respondent will send a written certification to the Division within sixty (60) days of the date of entry of this Order:

- (1) Confirming that Respondent has conducted a comprehensive review of Respondent's existing policies, procedures and supervision for the sale of all alternative investments, including, but not limited to all non-traded REITs; and

- (2) Specifying any enhancements it recommends regarding the firm's practices, policies, and procedures including the date any such enhancements have or will be made effective.
- L. One year after the execution of the entry of this Order, Respondent shall undergo, at its own expense, a review by Respondent's Risk and Control Services Unit ("Control Unit") to confirm the efficacy of all existing enhancements set forth in Section VII, subsection J, as well as any and all enhancements as may be recommended as a result of Respondent's review pursuant to Section VII subsection K. At the conclusion of this review, which in no case shall take more than sixty (60) days, Respondent's Control Unit shall issue a report of its findings. The report shall be promptly delivered to the Division within ten (10) days of its completion. No later than thirty (30) days after receipt of the report, Respondent shall provide a detailed, written response to any and all proposed enhancements in the Control Unit's report to the Division, including, but not limited to, the reason(s) for any enhancements identified, and a process and procedure to address said enhancements identified in the report.
 - i. Respondent shall retain copies of any and all report(s) created as a result of this Order in an easily accessible place for a period of five years from the date of the reports.
- M. At the request of the Respondent, the Division's staff may extend, for good cause shown, any of the procedural dates set forth above;
- N. Respondent agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to, any payments made

pursuant to any insurance policy, with regard to all amounts that Respondent shall pay pursuant to the Division's Order;

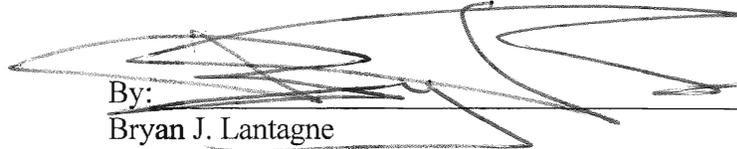
- O. Respondent and its designee agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any amounts that Respondent shall pay pursuant to the Division's Order, unless otherwise required by law;
- P. Respondent agrees that, upon issuance of this Order by the Division consistent with the Offer, if Respondent fails to comply with any of the terms set forth in the Division's Order, the Enforcement Section may take appropriate action pursuant to Sections 204, 407A and 408 of the Act. Additionally, Respondent agrees that, after a fair hearing and the issuance of an appropriate order finding that Respondent has not complied with the Order, the Enforcement Section may move to have the Order declared null and void, in whole or in part, and re-institute the administrative proceeding and associated investigation that had been brought against Respondent.

X. NO DISQUALIFICATION

The Order hereby waives any disqualification under the laws of the Commonwealth and all rules or regulations thereunder, including any disqualifications from relying upon the registration exemptions or safe harbor provisions that Respondent or its affiliates maybe subject to. The Order is not intended to subject Respondent to disqualification under federal securities laws, rules or regulations thereunder, or the rules and regulations of any self-regulatory agency, nor the laws, rules or regulations of the various states and U.S. Territories, including, without limitation, any disqualification from relying upon the registration

exemptions or safe harbor provisions. In addition, the Order is not intended to form the basis for any such disqualifications.

**WILLIAM FRANCIS GALVIN
SECRETARY OF THE COMMONWEALTH**

A large, stylized handwritten signature in black ink, appearing to read "Bryan J. Lantagne", is written over the "By:" text.

By:
Bryan J. Lantagne
Director
Massachusetts Securities
Division One Ashburton Place,
Room 1701 Boston, MA 02108

May 22, 2013