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## Several States Probe Practices At Ameriprise

### Regulators Focus on Sales Of Signature Financial Plans Allegedly Never Delivered

By JENNIFER LEVITZ  
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Several states are scrutinizing Ameriprise Financial Inc. for the marketing of its signature product: a lengthy low-cost plan that customers are supposed to receive in book form, outlining their complete financial picture.

New Hampshire regulators are investigating allegations that nearly 500 Ameriprise customers in New England paid \$300 and more for financial plans but never received them, according to people familiar with the matter. Instead, advisers at Ameriprise appeared to be forging customers' names to make it seem that investors received plans, according to emails that are part of the state investigation.

As soon as this week, Mark Connolly, New Hampshire's top securities regulator, could file civil fraud charges against Ameriprise and seek a multimillion-dollar fine, these people say.

"We believe these are isolated incidents," says Ameriprise spokesman Benjamin Pratt. "We take seriously any allegations of impropriety, and when we identify these incidents, we work to resolve the issues for our clients." The company says it is making "every effort to work closely with regulators and hold advisers accountable when appropriate."


Two years ago, **American Express** Co. spun off Ameriprise, which is based in Minneapolis. Many of the allegations New Hampshire is investigating date from before the spinoff.

At least five other states are looking into "missing" Ameriprise plans, officials say. "People should get what they pay for," says Joseph Borg, the top securities regulator in Alabama. He says he believes more than 200 Ameriprise plans weren't delivered to customers in Alabama. Ameriprise is cooperating with his investigation, he says, and has "already made a bunch of refunds" to customers who didn't receive a plan.

The allegations against Ameriprise come as many big mutual-fund and brokerage companies are scrambling to offer a way to sell products or earn fees by helping customers plan for college expenses and retirement.

But Barbara Roper, director of investor protection for the Consumer Federation of America, says the term

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#### AMERIPRISE UNDER FIRE

- Several states are investigating allegations that Ameriprise failed to deliver financial plans to clients after they paid for them.
- New Hampshire is considering filing civil fraud charges against Ameriprise and seeking a multimillion-dollar fine.
- In Alabama, Ameriprise is refunding money to customers whose plans were incomplete.

"financial plan" has been watered down to mean almost anything, ranging from a complex plan to quick advice given over the phone. She cautions that many financial plans seem geared merely toward getting people in the door so they will buy the company's products.

Ameriprise says its financial plan helps clients determine how much they need to save, where they need to invest and the required rate of return to reach goals. "It's a moving document because your life is going to change," Ameriprise says on its Web site.

Ameriprise is a giant in the field, with a sales force of more than 10,000 financial advisers, among the largest in the securities business, competing with the likes of Merrill Lynch & Co. and Citigroup Inc.'s Smith Barney. Ameriprise also takes on Fidelity Investments and Vanguard Group, two mutual-fund firms that have made a big push into financial planning.

The company has already tangled with regulators over its financial plans. In 2005, when it was still the financial-advisory unit of American Express, it agreed to pay \$7.4 million to resolve allegations from New Hampshire that it steered clients into the company's own lackluster mutual funds instead of better-performing products from others. The state claimed that the unit, known as American Express Financial Advisors, routinely sold plans stacked with American Express funds, or funds from partners, and didn't adequately disclose the conflict to customers. The company, which had been spun off by then, neither admitted nor denied the charges and said it has since improved procedures.

This past July, a federal judge in New York approved a \$100 million settlement in a class-action lawsuit by investors who alleged that American Express Financial Advisors' plans were cookie-cutter and stocked with in-house proprietary funds. Again, the company neither admitted nor denied wrongdoing.

Now, New Hampshire investigators are examining emails from Ameriprise's own compliance officers that suggest that financial plans may not have been delivered.

In handwritten notes on an August 2005 memo to Siobhan Fitzgerald, an Ameriprise field compliance officer, an Ameriprise adviser acknowledged that he had forged the signatures on service and delivery agreements for financial plans. "I signed the clients' name on the four above forms" that documented the delivery of financial plans, one notation read. Ms. Fitzgerald, who has since left the company, declined to comment.

In an email to Ms. Fitzgerald, another compliance officer checked on the status of accounts with "questionable signatures." "Husband's signature is different on service agreement and check," read the email from Casey Gingras, a field compliance supervisor. "Plan only was sold, nothing implemented."

In another email that August, Norman S. Long, another compliance officer, wrote about "further issues that we discovered" involving 10 more clients, including one whose signature was different on three documents. Ms. Gingras and Mr. Long were unable to be reached for comment.

New Hampshire investigators are also examining whether clients received incomplete plans. Mr. Borg says that in Alabama, Ameriprise had a computer system that would revoke an adviser's commission on a plan if it wasn't complete. He says Ameriprise is refunding money to customers whose plans were incomplete.

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