

**STATE OF NORTH CAROLINA
DEPARTMENT OF THE SECRETARY OF STATE
SECURITIES DIVISION**

IN THE MATTER OF:)	
)	FINAL CONSENT ORDER
AMERIPRISE FINANCIAL)	
SERVICES, INC. (CRD #6363),)	File No.: 17SEC003
)	
Respondent.)	

The North Carolina Secretary of State (the “Administrator”), pursuant to her statutory authority and responsibility to administer and enforce the North Carolina Securities Act, N.C. Gen. Stat. Chapter 78A, (the “Securities Act”) has considered the evidence, and finds that it is in the public interest to resolve this matter on the terms set forth in this Final Consent Order (this “Order”). The Administrator enters this Order with the consent of Ameriprise Financial Services, Inc., who neither admits nor denies the Conclusions of Law.

I. FINDINGS OF FACT

1. Ameriprise Financial Services, Inc. (“Ameriprise”) is a foreign corporation, organized under the laws of the State of Minnesota, with its principal office located at 707 2nd Avenue South, Minneapolis, Minnesota.
2. Ameriprise provides financial services throughout the United States, including North Carolina.
3. Ameriprise is authorized to transact business in North Carolina and is registered with the Administrator as a dealer in North Carolina.¹

¹A “dealer,” as defined under North Carolina law, is the same as a “broker dealer” as defined by the U.S. Securities and Exchange Commission and Financial Industry Regulatory Authority, Inc. As a registered dealer in North Carolina, the dealer is also a “registrant.” For the purposes of consistency, this Order uses the term “dealer.”

4. As a dealer transacting business in North Carolina, Ameriprise is required to comply with North Carolina's laws, rules, and regulations and the rules of any national securities exchange or national securities association of which it is a member².

a. Registration Requirements Under North Carolina Law

5. A dealer transacting business in North Carolina must register with the Administrator all of its salespersons³ that transact business in North Carolina. N.C. Gen. Stat. §78A-36.

6. The dealer must promptly notify the Administrator when a salesperson terminates his/her association with the dealer. N.C. Gen. Stat. §78A-36(b).

7. In North Carolina, the dealer promptly notifies the Administrator of the termination by filing a Uniform Termination Notice for Securities Industry Registration ("Form U-5") no more than ten business days from when the salesperson ceases employment with the dealer. 18 NCAC 06A.1408(b).⁴

8. The maintenance of accurate and current salesperson registrations is one of the crucial required tasks that the dealer performs because the Administrator and the public rely on the information that the dealer provides on salesperson registrations.

9. In 2016, Ameriprise failed to promptly file the Form U-5 related to the termination of a North Carolina registered salesperson at least five times. In 2017, Ameriprise failed to

²Ameriprise is registered with and is a member of Financial Industry Regulatory Authority, Inc. ("FINRA"), a national securities association. Therefore, Ameriprise must adhere to the rules promulgated by FINRA, in addition to North Carolina's rules and laws, in order to be in compliance with North Carolina's laws.

³North Carolina's general statutes use the term "salesman" to describe a "salesperson." For consistency, the term "salesperson(s)" will be used throughout this Order.

⁴Under the FINRA rules, the Form U-5 must be submitted within 30 days of the salesperson's departure from the dealer firm.

promptly file the Form U-5 related to the termination of a North Carolina registered salesperson at least four times.

b. Supervision Requirements Under North Carolina Law

10. A dealer transacting business in North Carolina must supervise its salespersons. N.C. Gen. Stat. §78A-39(a1)(2)(a).

11. To reasonably supervise, in accordance with North Carolina law, the dealer must create written supervisory procedures (“WSPs”) that describe how it will comply with the laws in the jurisdictions where the dealer does business and, in particular, North Carolina’s laws. Those WSPs should include a description of how it will ensure that the registrations of its salespersons are maintained in compliance with North Carolina’s laws.

12. Failure to create and implement WSPs that promote compliance with North Carolina’s laws constitute a failure to reasonably supervise under N.C. Gen. Stat. §78A-39(a1)(2)(a).

13. Ameriprise created and implemented WSPs, including a WSP that governed how it maintained the registrations of its salespersons.

14. In 2016 and 2017, the WSP that governed the process by which Ameriprise’s Field Leaders communicated the termination of a salesperson to the home office was inadequate to facilitate the consistent, accurate, and timely maintenance of the registrations of its salespersons in compliance with North Carolina laws.

15. The WSP designated facsimile as the only method the Field Leaders could use to transmit the termination documents to the home office.

16. This WSP was inadequate because not all Field Leaders had access to facsimile. This caused the termination documents to get lost or to not reach the home office in a timely manner and, therefore, caused the home office to file the Form U-5s late.

17. This WSP has been amended.

II. CONCLUSIONS OF LAW

1. The Administrator has jurisdiction over Ameriprise and the subject matter of this Order and enters this Order under the authority granted to her under the Securities Act and the administrative rules adopted thereunder.

2. Ameriprise is a “dealer” as defined under North Carolina law.

3. Ameriprise violated N.C. Gen. Stat. §78A-36(b) and 18 NCAC 06A.1408(b) when it failed to promptly notify the Administrator of terminations of certain salespersons by promptly filing its Form U-5s.

4. Ameriprise violated 18 NCAC 06A.1402(e) when it allowed two of its salespersons to be registered with more than one dealer.

5. Ameriprise violated N.C. Gen. Stat. §78A-39(a1)(2)(a) when it failed to reasonably supervise the implementation of its WSP to facilitate the maintenance of registrations in compliance with North Carolina’s laws.

6. Ameriprise is subject to the penalties designated in §78A-39(a) because Ameriprise’s continued violations are willful violations of the Securities Act.

7. The Administrator finds that the entry of this Order is in the public interest and is consistent with the purposes fairly intended by the policies and provisions of the Securities Act.

III. JURISDICTION, CONSENT, AND WAIVER

Ameriprise, as evidenced by the authorized signature on the *Consent to Entry of Order*, below, affirmatively states and agrees that:

1. The Administrator has jurisdiction over Ameriprise and the subject matter of this Order.

2. Ameriprise voluntarily consents to the entry of this Order and understands this is a public document.

3. Ameriprise has read the contents of this Order and has had the opportunity to consult with an attorney prior to the signing of this Order.

4. Ameriprise freely signs this Order. No threats, promises or offers of any kind, other than as stated in this document, have been made by the Administrator, Deputy Securities Administrator, any member of the staff of the Securities Division, or any agent or employee of the North Carolina Department of the Secretary of State in connection with the signing of this Order.

5. This Order contains the entire agreement between the undersigned, and Ameriprise understands its effect.

6. Ameriprise desires to resolve this matter through this Order to avoid further administrative proceedings.

7. Ameriprise permanently waives any and all rights under the Securities Act, the North Carolina Administrative Procedure Act (N.C. Gen. Stat. Chapter 150B) and any other law, and to a *Notice of Hearing*, a hearing, any further proceedings before the Administrator or other entity to which it may be entitled related to the subject of this Order, including any court of competent jurisdiction. Ameriprise also permanently waives its rights to seek judicial review of

this Order under N.C. Gen. Stat. Chapter 150B, to appeal this Order, or to otherwise challenge either the validity or entry of this Order in any court or administrative agency.

8. The execution, delivery and performance of this Order has been duly authorized and signed by a person who meets the statutory or other binding requirements to sign on behalf of the Ameriprise as named in this Order.

9. The presentation of this Order to the Administrator and any subsequent discussion of the Order prior to its entry without Ameriprise or its counsel being present shall not constitute an improper *ex parte* communication between the Administrator and the Securities Division or counsel for the Securities Division.

10. This Order shall become final upon entry.

NOW, THEREFORE, the Administrator, pursuant to and under all authority granted by the North Carolina Securities Act, based upon the forgoing Findings of Fact, Conclusions of Law, and Jurisdiction, Consent and Waiver, and with Ameriprise's express written consent to the entry of this Order, orders the following:

IV. ORDER

1. Ameriprise shall immediately and permanently cease and desist from violating N.C. Gen. Stat. §78A-36(b) and 18 NCAC 06A.1408(b).

2. Ameriprise shall immediately and permanently cease and desist from violating N.C. Gen. Stat. §78A-39(a1)(2)(a).

3. Ameriprise shall immediately and permanently cease and desist from violating any other provisions of the Securities Act and any administrative rules promulgated under either Act.

4. Ameriprise shall pay a civil penalty in the amount of \$5,000 to the Securities Division within ten (10) days of the date of entry of this Order.

5. Ameriprise shall pay the Securities Division the sum of \$25,000 as reimbursement for investigative costs within ten (10) days of the date of entry of this Order.

6. Ameriprise shall not take any action or make, or permit to be made, any public statement denying, directly or indirectly, any finding in this Order or creating the impression that this Order is without factual basis.

7. This Order shall become final upon entry and shall be binding upon Ameriprise and its successors and assigns as well as its affiliates and their successors and assigns with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina

This the 6TH day of September 2018.

Time of entry: 11:30 A.M.



ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH CAROLINA and
SECURITIES ADMINISTRATOR, by
REDACTED

KEVIN M. HARRINGTON
Deputy Securities Administrator