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Attorneys for Plaintiff the People of the State of California

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SACRAMENTO

THE PEOPLE OF THE STATE OF CALIFORNIA, Plaintiff, v. EDWARD D. JONES & CO., L.P., a limited partnership and DOES 1 through 1000, inclusive, Defendants.	**CASE NO:** **EXHIBITS FILED WITH COMPLAINT PURSUANT TO GOVERNMENT CODE SECTION 11181, subdivision (h)**

Plaintiff the People of the State of California ("plaintiff" or the "People"), by and through Bill Lockyer, Attorney General of the State of California, pursuant to Government Code section 11181, subdivision (h), hereby presents to this court, in connection with this action, the following information and evidence obtained and developed from the investigation of unlawful activity:

1. A copy of the Edward Jones March 27, 2001 letter, attached hereto as Exhibit "A," as referred to in paragraph 25 of the complaint filed herein; and

///

///

2. Copies of thirteen separate e-mail messages, attached hereto, collectively, as Exhibit "B," as referred to in paragraph 30 of the complaint filed herein.

Dated: December 16, 2004

BILL LOCKYER
Attorney General of the State of California
THOMAS GREENE
Chief Assistant Attorney General
MARK J. BRECKLER
Supervising Deputy Attorney General
JEFFREY A. RICH
Deputy Attorney General

BILL LOCKYER
Attorney General of the State of California

Exhibit A

12555 Manchester Road
St. Louis, MO 63131-3729
314-515-2000
www.edwardjones.com

Edward Jones

March 27, 2001

Mr. [redacted] - Federated Investors
Mr. [redacted] - Lord Abbett
Mr. [redacted] - Putnam Investments
Mr. [redacted] - Van Kampen
Mr. [redacted] - American Funds Distributors, Inc.
Mr. [redacted] - Hartford
Mr. [redacted] - Goldman, Sachs & Co.

Dear Mutual Fund Partners,

The recent sell off in the stock market gives us an opportunity to reemphasize the Edward Jones investment philosophy with each of you. Our basic premise is that a high quality Growth & Income fund should be the foundation of an individual investor's portfolio. This is especially true for new IRs and for new customers of Edward Jones. A quality Growth & Income fund is an excellent way, if not the best way, to begin a relationship with a customer and to begin a life of serious, long term investing.

We have attached, for your reference, a fairly long list of mutual funds that have not performed well over the last 12 months. Yes, the market overall did poorly during this period, with the S&P 500 down 25%. Nonetheless, we at Edward Jones do not want to be in the business of explaining to our customers that one of their funds has lost one-half or three-quarters of its value. Unrealistic expectations may be an issue our IRs and customers face together, but to expect a fund to moderate market movements isn't exactly unrealistic.

Not long ago, our Product Review department spent relatively little time on mutual funds. Now, however, we have several associates with full time responsibilities to review funds. The relentless bull market and the increased level of competition it brought resulted in the proliferation of new funds focused on a cap size, geographical region, investment theme or an industry sector. Unfortunately, these funds dominate the attached list of poor performers. (This list also reminds us that a mutual fund is not necessarily a safe haven from the risk of investing in an individual stock, a frequent sales point for buying a sector fund.)

In contrast to the attached list is the following list of your respective families' flagship Growth & Income fund. A much better showing given the market's decline.

[redacted]

Fund	1-yr Ending 03/27/01*
Investment Company of America	-11.2%
Putnam Fund for Growth & Income	+ 2.6
Lord Abbett Affiliated	- 5.5
Van Kampen Growth & Income	- 7.8
Federated American Leaders	- 4.7
Goldman Sachs Core US Equity	-30.2
Hartford Advisors	-13.7

1

While we at Edward Jones can not control the world, we can offer our voice. You, our preferred families, collectively offer today **163** equity mutual funds. Somehow, this seems to be enough for us to help individual investors achieve their financial objectives. As we all consider new fund ideas, we may wish to keep this recent performance in mind.

Yours truly,

[redacted]

[redacted]

CC: [redacted]

*Source: Bloomberg

[redacted]

Preferred Family Mutual Fund
Performance over last 12 months

As of 3/27/01

FUND	Symbol	Class	Dom/Intl	1-yr
American SmallCap World	SMCWX	AG	Intl	-51.0%
American New Economy	ANEFX	G	Dom	-39.3%
American EuroPacific Growth	AEPGX	G	Intl	-35.2%
American New World	NEWFX	G	Intl	-30.0%
Putnam OTC Emerging Growth	POEGX	AG	Dom	-80.9%
Putnam Intl New Opportunties	PINOX	AG	Intl	-61.8%
Putnam New Opportunities	PNOPX	AG	Dom	-59.0%
Putnam Voyager II	PVIIX	AG	Dom	-58.9%
Putnam Global Growth	PEQUX	G	Intl	-57.6%
Putnam Vista	PVISX	G	Dom	-57.5%
Putnam New Century Growth	PNCAX	AG	Dom	-57.3%
Putnam Technology	PTOAX	AG	Dom	-55.7%
Putnam Growth Opportunities	POGAX	G	Dom	-50.5%
Putnam Voyager	PVOYX	G	Dom	-45.0%
Putnam Emerging Markets	PMEAX	AG	Intl	-43.1%
Putnam Asia Pacific Growth	PAPAX	AG	Intl	-42.7%
Putnam Capital Appreciation	PCAPX	G	Dom	-40.5%
Putnam Global Equity	PDETX	G	Intl	-40.5%
Putnam Intl Voyager	PNVAX	G	Intl	-39.0%
Putnam Investors	PINVX	G	Dom	-38.2%
Putnam Europe Growth	PEUGX	G	Intl	-32.2%
Putnam Intl Growth	POVSX	G	Intl	-32.0%
Putnam Convertible Income-Growth	PCONX	G&I	Dom	-28.7%
Lord Abbett International	LAIEX	G	Intl	-47.6%
Lord Abbett Large-Cap Growth	LALCX	G	Dom	-39.7%
Lord Abbett Developing Growth	LAGWX	AG	Dom	-34.9%
Lord Abbett Global Equity	LAGEX	G	Intl	-29.4%
Lord Abbett Alpha	ALFAX	G	Dom	-28.1%
Lord Abbett Growth Opportunities	LMGAX	AG	Dom	-27.8%
Van Kampen Technology	VTFAX	AG	Dom	-73.2%
Van Kampen Aggressive Growth	VAGAX	AG	Dom	-60.7%
Van Kampen Emerging Growth	ACEGX	AG	Dom	-58.3%
Van Kampen Growth	VGRAX	AG	Dom	-54.0%
Van Kampen Emerging Markets	MSRAX	AG	Intl	-49.2%
Van Kampen Enterprise	ACENX	G	Dom	-47.0%
Van Kampen Asian Growth	MSAAX	AG	Intl	-46.3%
Van Kampen Select Growth	VSGAX	AG	Dom	-41.9%
Van Kampen Mid Cap Growth	VMGAX	G	Dom	-40.1%
Van Kampen Harbor	ACHBX	G&I	Dom	-38.5%
Van Kampen Focus Equity	MSQAX	G	Dom	-37.9%
Van Kampen Equity Growth	VEGAX	G	Dom	-37.2%
Van Kampen American Value	MSAVX	AG	Dom	-36.2%
Van Kampen Pace	ACPAX	G	Dom	-32.3%
Van Kampen Latin America	MSLAX	AG	Intl	-25.2%
Federated Communications/Technology	FCTAX	AG	Dom	-72.5%
Federated Aggressive Growth	AGFAX	AG	Dom	-67.2%
Federated Intl Small Co	ISCAX	AG	Intl	-51.2%
Federated Intl Equity	FTITX	AG	Intl	-49.1%
Federated Asia Pacific Growth	APCAX	AG	Intl	-49.1%
Federated Growth Strategy	FGSAX	AG	Dom	-48.6%
Federated Emerging Markets	EMMAX	AG	Intl	-46.2%
Federated Large Cap Growth	FLGAX	G	Dom	-44.9%
Federated Intl Growth	IGFAX	AG	Intl	-42.0%
Federated Small Cap Strategy	SMCAX	AG	Dom	-41.3%
Federated European Growth	EURAX	AG	Intl	-36.4%
Federated Global Equity	FGEIX	G	Intl	-35.2%
Federated World Utility	WUFAX	G&I	Intl	-31.6%
Federated Equity-Income	LEIFX	G&I	Dom	-29.1%
Goldman Sachs Internet Tollkeeper	GITAX	AG	Dom	-56.4%
Goldman Sachs CORE Large Cap Growth	GLCGX	G	Dom	-44.7%
Goldman Sachs Emerging Markets	GEMAX	AG	Intl	-39.0%
Goldman Sachs Intl Small Cap	GISAX	G	Intl	-38.4%
Goldman Sachs Asia Growth	GSAGX	AG	Intl	-36.0%
Goldman Sachs Japanese Equity	GSJAX	AG	Intl	-35.7%
Goldman Sachs Intl Equity	GSIFX	G	Intl	-34.4%
Goldman Sachs Euro Equity	GSEAX	G	Intl	-33.8%
Goldman Sachs CORE US Equity	GSSQX	G&I	Dom	-30.2%
Goldman Sachs CORE Intl	GCIAX	G	Intl	-28.8%
Hartford Small Company	IHSAX	AG	Dom	-44.8%
Hartford Global Technology	HGTAX	AG	Intl	-37.9%
Hartford International Opportunities	IHOAX	G	Intl	-30.1%
Hartford Global Leaders	HALAX	G	Intl	-27.1%
S&P 500 Index				-22.4%

[redacted]

Performance over last 12 months broken down by loss				
				As of 3/27/01
FUND	Symbol	Class	Dom/Intl	1-yr
Putnam OTC Emerging Growth	POEGX	AG	Dom	-80.9%
Van Kampen Technology	VTFAX	AG	Dom	-73.2%
Federated Communications/Technology	FCTAX	AG	Dom	-72.5%
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Goldman Sachs Emerging Markets	GEMAX	AG	Intl	-39.0%
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Hartford Global Leaders	HALAX	G	Intl	-27.1%
Van Kampen Latin America	MSLAX	AG	Intl	-25.2%
S&P 500 Index				-22.4%

[redacted]

[redacted]

Exhibit B

Message no: 0026300 **Status:** R **Date:** 02/16/2001 **Time:** 08:57

From: [redacted] **Rep:** 029007

To: [redacted] **Rep:** 671189

Attn: [redacted] **Re:** REVENUE SHARING

I AM A FAIRLY NEW IR AND I FINALLY HAVE A BETTER UNDERSTANDING OF MY P&L STATEMENT.ONE THING I AM STILL UNCLEAR ON IS THE REVENUE SHARING.HOW OFTEN DO THE VENDORS PAY THIS AND HOW OFTEN IS IT CREDITED TO THE P&L ?IS IT BASED ON SALES FOR THE YEAR OR TOTAL ASSETS WITH A PARTICULAR FUND?

THANK YOU,

[redacted]

Thanks for the wire. This is a relatively complicated process, so don't feel like the Lone Ranger if you don't have it clearly in mind !!!

We have different agreements with each fund and annuity vendor, so there are payments coming almost every month from one or another of the 10 vendors. Most arrive and are credited the same month as service fees. Since the money is spread out over 12 months and does not effect monthly commissions, we have not made a big deal out of communicating the exact MONTH revenue sharing is paid. However, we DO try to even out the payments by Trimester so each bonus period has an equal amount of this money.

Most of the programs are based on the assets held by Jones customers. We typically get a certainly number of basis points for the total Jones holdings and then we allocate it to each IR based on his or her individual assets. for example, if you have 1/5000th of the Putnam assets, you'd receive 1/5000th of the quarterly payment credited to your P&L. This would then effect how much profit you have (and how big your bonus!)

Some of the arrangements, VK and Putnam in particular, have a portion of their payment based on sales in addition to assets. These are typically allocated using the Asset Formula because we really can't track total sales a as easy. In the long run, it usually comes out about the same for any individual IR.

Although many brokerage firms receive some amount of revenue sharing, to my knowledge, Jones is the only one that passes this income along to the IR. Although we could just run it through the firm's general income account and everyone's bonus would benefit, by allocating it to individual IRs, we allocate revenue to the IRs who actually have the assets on the books and therefore the IRs who did the work to get the money in the first place.

Hope this helps. give me a call if you have questions. Tom

[redacted] [redacted]

Message no: 0044497 **Status:** N **Date:** 05/17/2001 **Time:** 09:40

From: [redacted] **Rep:** 029000

To: [redacted] **Rep:** 047010

Attn: See Below **Re:** REVENUE SHARING

IT MAY BE A GOOD IDEA TO TELL THE WHOLESALERS TO COOL IT ON SELLING REVENUE SHARING TO US. I READ THAT THE SEC IS GOING TO LOOK INTO THIS PRACTICE. I DON'T BLAME THEM. I LIKE P&L CREDIT OR WAHTEVER IT IS I GET FROM THIS, BUT THE WAY IN WHICH THE FUNDS USE IT TO SELL MAKES ME UNEASY. ALSO, THE FIRM IS VERY HESTITANT TO DISCUSS THIS OUT IN THE OPEN SO I'M SURE REVENUE SHARING IS ON IT'S WAY OUT. I'D MUCH RATHER THESE FUNDS INVEST THE MONEY IN DELIVERING ON THEIR PROMISE OF KEEPING US INFORMED ABOUT THEIR FUNDS. IN THE PIECE I READ, REVENUE SHARING WAS DESCRIBED AS A "KICK-BACK". AFTER THINKING ABOUT IT AND REMEMBERING HOW SECRETIVE ST LOUIS HAS BEEN ABOUT HOW THIS WORKS FOR US, I'VE COME TO BELIEVE THAT "KICKBACK" DESCRIBES THIS DEAL BETTER THAN THE TERM "REVENUE SHARING".

THERE IS SOMETHING DIRTY ABOUT THE MUTUAL FUND BUSINESS THAT HAS BEEN DEVELOPING OVER THE LAST 5 YEARS. I HATE THAT I FEEL THIS WAY BUT I DO. "WHO PAYS US THE MOST-WHO CALLS ON THE MOST-WHO HELPS US THE MOST"SEEMS TO BE ALL I EVER HEAR ABOUT FUNDS AND THEIR WHOLESALERS. WHAT ABOUT"WHO MAKES OUR CLIENTS THE BEST RETURNS WITH THE LEAST RISK?" "WHO MANAGES MONEY THE WAY THEY SAY THEY WILL" WHAT ABOUT "WHO PROVIDES THE BEST INFORMATION ON THEIR FUNDS SO THAT WE CAN PROVIDE AN INFORMED OPINION?".

MAYBE IT'S TIME THE SEC SHOOK UP THE FUND BUSINESS.WHEN EVERYONE EXCEPT THE CLIENT WINS-THERE'S SOMETHING WRONG.

****

This came to SUGGESTBOX on 05/16/01.

This message is being forwarded to: [redacted]

Thank you, [redacted]

[redacted]

[redacted]

Message no: 0041861 **Status:** R **Date:** 07/08/2002 **Time:** 11:32

From: [redacted] **Rep:** 012000

To: [redacted] **Rep:** 029000

Attn: clearing **Re:** Contest

I have a concern regarding the new preferred mutual fund list and contest points. Did I hear correctly that only funds sold from this list will count toward contest points? I hope I misunderstood this.

We pride ourselves in having no proprietary products and not having our pay enhanced to sell certain products. If I understand this new system correctly then our pay could be higher for selling certain products. Let me give you a few examples.

1. If a client purchases a mutual fund from our new preferred list and it results in a $1500 gross commission and 1500 contest points. Before the purchase I only needed 500 points to qualify for the contest, so I made it.
2. Let's say this same client had Franklin Funds and has $250,000 already in Franklin. The right thing to do is buy more Franklin to get the breakpoint for a $600 gross commission and NO contest points. So not only did I get paid less but also did not qualify for any contest points. If I understand this new policy correctly we could be heading down a dangerous path. In my opinion our preferred funds would indeed be proprietary or very close to it. The only thing missing is our name on the prospectus. We get paid commissions, revenue sharing and bonus travel incentives for selling only from that list. Please be cautious.

That being said, I do like the preferred list that has been reviewed by our product review department. I think this will be very useful to the new IR's as they get started. Also I think most of our IR's will do what is right for the customer regardless of contest points. But I also believe that IR's doing the right thing and diversifying their customers portfolios should not be penalized for doing the right thing. Let's keep the Diversification Contest focused on it's objective: Helping our clients have balanced portfolios, not owning only our preferred mutual funds. I appreciate this forum and will wait for a response in the suggestion box.

****

This came to SUGGESTBOX ON 7/4/02

This message is being forwarded to: [redacted]

Thank you, [redacted]

[redacted] [redacted]

Message no: 0093547 **Status:** R **Date:** 08/13/2002 **Time:** 15:09

From: [redacted] **Rep:** 012000

To: [redacted] **Rep:** 029000

Attn: Clearing **Re:** Preferred list

I take great pride in telling my clients and prospects that we do not have our own mutual funds here at Edward Jones. With the new preferred preferred list I'm not sure that we can claim that anymore. When we add up the revenue sharing and getting trip points for just those funds, what makes us different from anyone else? Yes, 95% of our sales are from the list anyway, but the IR who has a client add to Franklin funds to meet a break point did not do the investor wrong, did they? In fact, they would be breaking the law by not doing it. What if that IR missed a category by a few thousand points, but would have made it by selling from the preferred list? The IR would be penalized for doing the right thing, and I believe most IR's would do the right thing. Maybe too many IR's are qualifying for trips and this is a way to eliminate a few? Just a thought. The way I see it, we now have proprietary fund products. We get revenue sharing and special incentives for selling only preferred funds. The only difference between us and the others is that we don't call them Edward Jones mutual funds.
A suggestion for you. Could you have a preferred list for all the funds that are approved in our system? It would take some time, but that way we could eliminate the conflict of interest. If you would please address this in the weekly wire it would be appreciated. I just want to know if we need to tell people that we get special incentives to sell them certain products that pay us more. Thanks.
a frustrated vet

[redacted] [redacted]

Message no: 0093095 **Status:** R **Date:** 11/24/2003 **Time:** 15:29

From: [redacted] **Rep:** 012000

To: [redacted] **Rep:** 029000

Attn: clearing **Re:** revenue sharing

This may be unpopular to say but important to discuss. I am uncomfortable that we received "revenue sharing" from certain mutual fund families. Could outsiders look at this and say that mutual fund companies pay Edward Jones for preferential treatment? Would it look suspicious that over 90% of our fund sales go to preferred fund families who also pay us with revenue sharing money? Could you please address this and the ethics of it?

Please also understand that I know our preferred fund families and think highly of them. I understand that we have long standing relationships with them and their systems are compatible with ours and our investing philosophies are similar. Internally, we know that they'd be preferred with or without the revenue sharing but we can see many examples right now that even just the image of shady practices can seriously damage a company.

Do any non-preferred funds pay revenue sharing to Edward Jones? Do any preferred funds not? Let's discuss this in an open forum. It is important.
****
This came to SUGGESTBOX ON 11/19/03
This message is being forwarded to: [redacted]

Thank you, [redacted]

Message no: 0108892 **Status:** N **Date:** 11/25/2003 **Time:**

From: [redacted] **Rep:** 029000

To: [redacted] **Rep:** 047010

Attn: See Below **Re:** revenue sharing

Revenue sharing has been the focus at Morgan Stanley by the SEC of an investigation and settlement. The whole argument was over disclosure of revenue sharing arrangements. Do we have revenue sharing agreements that are similar and have we provided full disclosure? If not, can we have a brokerage prospectus so that we can disclose any and all revenue sharing arrangements with all firms where they exist. Also, do our GP's have risk of huge fines and can it also go down the chain to LP earnings in a big way. If so, maybe we should delay the offering to fully disclose this risk asap. Please provide an answer to this as many of us are concerned. Also, do we own a part of the mutual funds that we provide?

-A Concerned Employee

****

This came to SUGGESTBOX ON 11/24/03 [redacted]

This message is being forwarded to: [redacted]

Thank you, [redacted]

[redacted] [redacted]

Message no: 0014326 **Status:** R **Date:** 12/08/2003 **Time:** 08:12

From: [redacted] **Rep:** 012000

To: [redacted] **Rep:** 029000

Attn: clearing **Re:** Preferred list

Seeing that our preferred list of vendors is one of the smallest in the industry & that we have heavy monetary motivation to sell off of that, how will regulators look at that in light of the recent mutual fund scandal? It cannot be argued that our brokers don't have extra motivation to sell off the preferred list b/c we do - revenue sharing & counting towards trips to name 2 big ones. I like the MFS family of funds but refuse to sell them b/c of no revenue sharing arrangement & it won't help my contest screen.

Isn't this what Merril and Morgan Stanley just paid some fines for? Heavily incenting their brokers to stick with certain products? Sure, ours are not technically proprietary, but we really do have 'proprietary' products in the form of a preferred/incented vendor list.

I'm just concerned we could have a can of worms opened if they looked close enough (plus that letter didn't help). Those in a glass house should not throw stones. Sincerely, concerned Seg 3 broker looking for comfort
****
This came to SUGGESTBOX ON 12/2/03 [redacted]
This message is being forwarded to: [redacted]

Thank you, [redacted]

[redacted] [redacted]

Message no: 0053142 **Status:** R **Date:** 12/17/2003 **Time:** 09:22

From: [redacted] **Rep:** 012000

To: [redacted] **Rep:** 029000

Attn: clearing **Re:** Mutual Fund Revenue Sharing

While you probably cringe at reading this and would like to think it doesn't happen, it is naive not recognize this ongoing situation. Some of our preferred mutual funds have a prepared speadsheet showing IR's their recent bonus check and calculating how much bigger their bonus would be if they sold their mutual funds instead, due to the higher revenue sharing arrangement offered by their firm compared with what we are selling now. Quite honestly, the numbers were pretty big and their calculations remarkably accurate. Without question, this information has tainted my objectivity and has the potential to change the pattern of my investment recommendations. Instead of rewarding the IR directly on revenue sharing, can we change the system as follows?: 1) Take total mutual fund sales 2) Take total revenue sharing by all vendors 3) Make revenue sharing at the IR level based upon total sales of mutual funds, without any consideration as to which funds they sold. In other words pool the total revenue sharing from all the vendors. Then if I sell American, Hartford or Van Kampen my revenue sharing would be the same at my office level and each vendor would continue to pay the same amount. It just makes me uncomfortable to see how much more I could be making if I changed my selling pattern.

****

This came to SUGGESTBOX ON 12/13/03

This message is being forwarded to: [redacted]

Thank you, [redacted]

Message no: 0102569 **Status:** N **Date:** 01/09/2004 **Time:** 14:44

From: [redacted] **Rep:** 029000

To: [redacted] **Rep:** 047010

Attn: See Below **Re:** article in today's wall street

i have been in this business almost 20 years and i have always felt that we have way to many conflicts of interest. No matter how moral a person is we have conflicts such as "preferred" funds that pay us revenue sharing and pay for trips as the article states. Why don't we cut this crap out and truly be the "independant" advisors we should be. In addition why don't we take a very bold step and eliminate all upfront sales chares altogether and instead use c share pricing (we can push for lower fees if we desire because Mr Bachmann seems to think that c shares are too expensive) Well , John could come up with what he felt was a fair c share fee for a client to pay (perhaps .50%) and this way we would solve a lot if issues (did i give proper breakpoint or not , why did i use several fund families in a portfolio not putting it all in one and getting a larger breakpoint , why is the client wanting to sell Putnam after only holding it for a few years and now they have to pay another fee to buy into another fund family) lets get rid of sales charges altogether and go to flat fee (c share) just adjust the fee to be "fair" in Bachmann's mind , then we would be a heck of a lot more "independent" than we are now it would also revolutionize out industry and cut way down on our compliance costs. please consider

a almost 20 year yet

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This came to SUGGESTBOX ON 1/9/04

This message is [redacted]d to: [redacted]

Thank you, [redacted]

[redacted] [redacted]

Message no: 0108171 **Status:** N **Date:** 01/09/2004 **Time:** 14:52

From: [redacted] **Rep:** 029000

To: [redacted] **Rep:** 047010

Attn: See Below **Re:** WSJ article on Jones

I'm feeling a bit disgusted now to work for a firm who portrays the image of being proper & moral in its practices and now to find out that we play a little dirty to get more revenue. Revenue sharing SHOULD NOT be allowed in this firm. I think the right thing for Jones to do is to ELIMINATE this practice ASAP or quit trying to fool those of us who are naive in believing we work for such a moral company. It doesn't matter if the extra money benefits me or not it's WRONG| I bet very few if any of Jones brokers disclose this practice to the customers. SHAME ON JONES|
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This came to SUGGESTBOX ON 1/9/04
This message is being forwarded to: [redacted]

Thank you, [redacted]

[redacted] [redacted]

Message no: 0108585 **Status:** N **Date:** 01/09/2004 **Time:** 14:55

From: [redacted] **Rep:** 029000

To: [redacted] **Rep:** 047010

Attn: See Below **Re:** journal report

WHAT AN INTERESTING REPORT. I MUST ADMIT THEIR RESEARCH IS ACCURATE AND I HAVE TO AGREE WITH WHAT I READ. MANY BROKERS THAT I HAVE COME IN CONTACT WITH AT EDJ HAVE A BIAS TOWARD CERTAIN FUNDS BECAUSE THEY "PAY THEM BETTER". YOUR RESPONSE WOULD BE I AM SURE THAT "THE PERCENTAGE IS FEW" HOWEVER THAT IS NOT THE CASE IN MY COMMUNITY. MY GREATEST CONCERN AND PROBLEM WITH EDJ HAS BEEN WHAT WOULD APPEAR TO BE A DOUBLE-STANDARD ASSOCIATED WITH THE ETHICS OF THIS FIRM. YOU TROUBLE US WITH WIRES IF WE DONT GET THE CLIENT EVERY SINGLE POSSIBLE BREAK POINT IN A FUND FAMILY YET YOU REDUCE OUR PAY IF WE ARE NOT PURCHASING INSIDE OF THE PREFERED 7. NOT TO MENTION THE FACT THAT THERE ARE SUCH A LARGE DISPARITY IN REV. SHARE PAY OUT BETWEEN THE 7 FAMILIES. YOUR (EDJ) ETHICS SEEM TO BE PREDICATED UPON HOW MUCH THE GP'S AND TO A MUCH SMALLER DEGREE THE LP'S ARE PAID. DOUBLE STANDARDS ARE SOMETHING I HAVE ALWAYS DESPISED AND I DONT MIND SEEING THIS ONE COME TO THE SURFACE. HOW CAN A BROKER TRULY MAKE AN UNBIASED DECISION WHEN MANY GOOD FUND FAMILIES GET KNICKED ON PAY OUTS AND WE HAVE REVENUE SHARING PAYOUT EXTREMES.

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This came to SUGGESTBOX ON 1/9/04

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Thank you, [redacted]

[redacted]

Message no: 0042541 **Status:** N **Date:** 01/21/2004 **Time:** 08:40

From: [redacted] **Rep:** 029000

To: [redacted] **Rep:** 047010

Attn: See Below **Re:** WSJ ARTICLE

I MUST ADMIT THAT WSJ ARTICLE WAS QUITE HURTFUL TO US AND OUR CLIENTS (ESPECIALLY THOSE THAT OWN PUTNAM). THE ARTICLE, HOWEVER, DOES BRING UP A DISCUSSION ITEM. ALTHOUGH IT CITES ONE AND TWO YEAR RETURNS, I WILL CERTAINLY AGREE THERE ARE SOME PREFERRED FUNDS IN THOSE GROUPS (OTHER THAN AMERICAN FUNDS) THAT OVER THE PAST *FIVE* YEARS HAVE REALLY LAGGED THEIR PEERS. HOW CAN WE IN GOOD FAITH ENCOURAGE CLIENTS TO OWN FUNDS THAT OVER FIVE AND EVEN TEN YEARS HAVE NOT DONE REAL WELL RELATIVE TO PEERS? I FEEL LIKE WE'VE BEEN CAUGHT RED HANDED ON THIS REVENUE SHARING ISSUE.

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This came to SUGGESTBOX ON 1/17/04 [redacted]
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Thank you, [redacted]

Message no: 0055406 **Status:** N **Date:** 01/21/2004 **Time:** 08:47

From: [redacted] **Rep:** 029000

To: [redacted] **Rep:** 047010

Attn: See Below **Re:** WSJ Article

I just received another call from a local attorney that got around to reading the WSJ article about revenue sharing at Jones. He was obviously upset. I thought he made a good point though. He said he understood that the practice was industry wide and that he believed that I, as a local IR, didn't feel any influence to sell a specific fund, but he thought that the problem was disclosure. His point was that we tell people about commissions in other ways but this one was never disclosed. He feels that the fact that we continued to put people in funds like Putnam as they exploded were influenced by the fact that our revenue was heavily influenced on payments from these funds. Where's the independence that we preach by not having proprietary funds? It seems like proprietary funds and revenue sharing are not that far apart. What also is to keep product review independent when a huge source of our revenue is due to revenue sharing?

Thanks for listening to us on the front line.
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[redacted]

Thank you, [redacted]

[redacted]

[redacted]