

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

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3 In the matter of )  
4 E\*TRADE SECURITIES LLC ) ADMINISTRATIVE CONSENT ORDER  
5 Respondent. ) NO. CO-2012-0007

6 WHEREAS, E\*TRADE Securities LLC (“Respondent”) is a broker-dealer registered in the  
7 state of Alabama; and

8 WHEREAS, Respondent’s activities regarding the sale of auction rate securities (“ARS”)  
9 have been the subject of coordinated investigations conducted by a multi-state task force; and

10 WHEREAS, Respondent has provided documentary evidence and other materials and  
11 provided regulators with access to information relevant to their investigations; and

12 WHEREAS, on October 18, 2011 Respondent and the multi-state task force reached an  
13 agreement to resolve the investigations relating to Respondent’s sale of auction rate securities to  
14 certain customers; and

15 WHEREAS, Respondent agrees, among other things, to purchase certain auction rate  
16 securities from customers and to make certain payments; and

17 WHEREAS, Respondent elects to waive permanently any right to a hearing and appeal  
18 under Section 8-6-32 Code of Alabama 1975, with respect to this Administrative Consent Order  
19 (the “Order”); and

20 WHEREAS, Respondent admits the jurisdiction of Alabama Securities Commission  
21 (“Administrator”) and consents to the entry of this Order by Administrator; and

22 WHEREAS, Respondent has voluntarily agreed to purchase, or arrange to have purchased,  
23 auction rate securities from certain customers, as described in Section IV below; and

24 WHEREAS, Respondent neither admits nor denies the Findings of Fact and Conclusions of  
25 Law contained in this Order.

26 NOW, THEREFORE, the Administrator, as administrator of the Title 8, Chapter 6, Code of  
Alabama 1975, the Alabama Securities Act (“Act”), hereby enters this Order:

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**I.**  
**RESPONDENTS**

1. Respondent (CRD #29106) was, at all times material herein, a limited liability company organized under the laws of Delaware with its principal place of business in New York, New York.

**II.**  
**FINDINGS OF FACT**

2. Respondent is in the business of effecting transactions in securities in Alabama as a "broker-dealer" within the meaning of the Act.

3. Respondent has customers located across the United States of America, including Alabama.

4. Respondent's business model centers upon customers who use the firm's website to buy and sell securities, generally known as on-line stock trading.

5. Although Respondent is an on-line trading firm, it also has about 30 branch offices across the country, at least some of which were purchased from earlier on-line trading firms.

6. Despite the focus of its business model upon on-line retail trading, Respondent maintained fewer than 20 "financial advisors" (FAs) who were authorized to provide investment advice to clients regarding ARS. The FAs are assigned to an Investment Specialist Group supervised by a branch manager. The FAs are alternatively referred to herein as investment specialists or registered representatives.

7. Respondent's FAs are permitted to recommend only those types of investments that have been previously approved by Respondent's management.

**ARS**

8. ARS, or auction rate securities, are fixed income long-term securities whose dividend rates are reset periodically at Dutch-style auctions that take place at set intervals, typically every 7, 28, or 35 days.

9. ARS are considered non-conventional investments (NCIs) in that they do not fall in the traditional categories of stocks, bonds, or mutual funds.

1           10.     ARS were introduced to the market in 1984 as a way for issuing entities to diversify  
2 their investor base and in the process lower their borrowing costs. ARS essentially allowed issuers  
3 to achieve long-term financing at short-term interest rates.

4           11.     As of the end of 2007, there were approximately \$330 billion of ARS outstanding.  
5 Three categories of issuers dominated the market. Municipalities accounted for approximately half  
6 the market. Student loan trusts made up approximately 25% of the market. Closed-end mutual bond  
7 funds, seeking to leverage their portfolios by issuing preferred shares, made up approximately 20%  
8 of the market.

9           12.     Initially, a high minimum investment precluded all but institutions from purchasing  
10 ARS. However, as the minimum investment declined to \$25,000, wealthy retail investors became a  
11 significant source of demand for the product.

12           13.     ARS are designed to trade at a set price (par value) of \$25,000 per unit, but the  
13 interest rate fluctuates based upon bids made at periodic auctions. The rate that is sufficient to clear  
14 all the ARS offered for sale at any given auction is known as the "clearing rate." The clearing rate,  
15 however, cannot exceed the instrument's maximum or default interest rate (also known as the  
16 "penalty" rate), which is typically pegged to a short term index such as the LIBOR. If, at any given  
17 auction, the rate necessary to clear all shares for sale exceeds the maximum rate, then the auction  
18 "fails" and the maximum rate becomes the rate of interest the ARS earns until the next successful  
19 auction, at which time the rate is reset during the bidding process.

20           14.     As is generally the case in the capital markets, issuers and investors are connected  
21 via intermediaries or financial institutions that serve in various capacities in the ARS marketplace.  
22 The major roles of intermediaries in the ARS market are: (1) large broker-dealers who act as ARS  
23 underwriters and often also serve as auction dealers, (2) auction agents selected by the underwriters  
24 to collect orders and match buyers with sellers, (3) major broker-dealers who trade in ARS and act  
25 as wholesalers, and (4) downstream broker-dealers who place retail customer orders through the  
26 wholesalers trading in ARS.

          15.     Respondent did not perform any of the major intermediary functions identified as  
(1) through (3) above. Rather, from 2003 to February 2008, it acted as a downstream broker-dealer  
that relayed retail customer orders to Oppenheimer & Co., which was a wholesaler trading in  
Auction Rate Preferred Securities ("ARPS"). Oppenheimer then transmitted Respondent's customer  
orders to auction dealers to complete the purchase or sale.

## ARPS

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2           16.    Of the types of ARS that were available from 2003 through February 2008,  
3 Respondent generally sold ARPS to its customers. ARPS are preferred stock issued by closed-end  
4 mutual funds. Because ARPS are preferred shares, they have no maturity date and there is no  
5 obligation upon the issuer to redeem shares on demand. Therefore, their period of existence is "in  
6 perpetuity."

7           17.    Prior to February 2008 when the market for ARS (including ARPS) collapsed,  
8 ARPS were generally perceived to be a relatively safe and liquid fixed income investment. The  
9 primary benefit was a higher rate of interest than could typically be achieved by investing in  
10 Treasury bills or money market accounts. As a general rule, ARPS could be expected to pay a rate  
11 of at least 50 basis points, or one-half percent interest, in excess of what a money market account  
12 was paying at the same time.

13           18.    ARPS were seen as a relatively safe credit risk because, by law, issuers had to  
14 maintain reserves sufficient to cover twice the amount of money outstanding in issued ARPS. If  
15 reserves fell below that amount, issuers were required by law to either increase their reserves or  
16 redeem sufficient ARPS to restore the 200% ratio. Because of these and other factors, credit rating  
17 agencies typically gave ARPS high credit ratings.

18           19.    Respondent chose to offer for sale only those ARPS that carried an AAA credit  
19 rating, which is the highest rating awarded by the credit rating agencies.

20           20.    Liquidity risk is different from credit risk, and an AAA credit rating does not speak  
21 to the security's liquidity risk. Liquidity means the ability to sell a security quickly at the par value.  
22 Liquidity risk, therefore, is the possibility that an ARPS cannot be sold or traded upon demand.  
23 Thus, although an ARPS might have a low credit risk because the issuer is financially sound and is  
24 likely to continue to make the required interest payments, the ARPS might have high liquidity risk  
25 if, for whatever reason, it cannot be sold or otherwise liquidated quickly. Liquidity risk is an  
26 important feature of a security because, even if the security has good credit risk, it may have little  
value to an investor if the investor cannot sell it when necessary.

**Respondent's Sale of ARPS**

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2           21.     Due to their relative safety in terms of credit risk and perceived liquidity,  
3 Respondent chose to engage in the sale of ARPS to its retail customers, but generally eschewed  
4 sale of riskier types of ARS, especially those involving debt backed securities.

5           22.     Contrary to its practice of making traditional stocks, bonds and mutual funds  
6 available for sale on line, Respondent opted to sell ARPS only through its FAs. A customer  
7 seeking financial advice might have called directly or have been referred to an FA by a local  
8 E\*Trade office, or alternatively, an FA might have initiated a call to a particular customer if the FA  
9 felt that the customer had a particular need. For example, an FA who noticed that a client had a  
10 large cash account balance might have called the client to suggest moving the cash to an  
11 investment with a better rate of return.

12           23.     Procedurally, when an FA received a buy or sell order from a client, the FA  
13 completed a trade ticket and forwarded it to the Fixed Income Desk located in the same office. The  
14 Fixed Income Desk then forwarded the buy or sell order to the intermediary broker-dealer,  
15 Oppenheimer & Co. Oppenheimer then aggregated the various buy and sell orders received from  
16 all client broker-dealers and forwarded them to the auction agent for presentation at the next  
17 available auction.

18           24.     If the auction was successful and the buy or sell order was executed, a trade  
19 confirmation was prepared and forwarded back to the investor.

20           25.     In recommending ARPS for investors' consideration, certain FAs described ARPS  
21 as "7-day paper" with "daily liquidity" that was as safe as a money market account. Although FAs  
22 also referred to ARPS as "auction rate preferreds," they rarely if ever explained that ARPS were in  
23 fact long-term securities that could only be sold at auction, nor mentioned that if an auction failed  
24 ARPS would lose liquidity.

**The Dutch Auction Process**

25           26.     ARS, including ARPS, are not traded on the New York Stock Exchange or any  
26 other open securities exchange. Rather, ARS (including ARPS) were, prior to the ARS market  
collapse in February 2008, traded through a "Dutch auction" process.



1 Sachs, found that due to deteriorating financial conditions, they could no longer afford to carry  
2 large balances of ARS on their books and thus they stopped buying ARS for their own accounts.  
3 Once Goldman-Sachs stopped submitting cover bids at auction, all the other large underwriters  
4 followed suit.

5 34. Without the support of the large underwriters, insufficient buy bids were received at  
6 most auctions to cover all the ARS offered for sale, and as a result the auction market totally  
7 collapsed. The ARPS auction market was particularly hard hit because the maximum, or default,  
8 rates for ARPS were generally very low and therefore there was insufficient investor interest to  
9 sustain the market in the absence of the underwriter's cover bids.

10 35. As of February 13, 2008, Respondent's investors nationwide held a balance of  
11 approximately \$581 million in ARPS, and approximately \$870 million altogether in the ARS  
12 market, that had lost liquidity as the result of the collapse of the auction process.

### 13 Failure to Supervise

14 36. Respondent had a policy of hiring experienced FAs who, presumably, had been  
15 trained by other employers with regard to the securities they handled. However, Respondent  
16 provided no formal training to its FAs with respect to ARPS.

17 37. Respondent's FAs were directly supervised by a branch manager whose supervisory  
18 responsibilities were set out in Branch Policies and Procedures manuals. In addition, FAs were  
19 provided with a Registered Representatives Manual that governed their professional practice.  
20 None of these documents specifically addressed the need for FAs to advise ARPS customers of the  
21 risks of auction failure and loss of liquidity. Respondent maintained a policy of reviewing FA-  
22 investor phone conversations and account records on a random basis and providing feedback.  
23 Despite these supervisory reviews, FAs continued to advise ARPS investors that ARPS were  
24 highly liquid "7-day paper," without the additional context that ARPS were in fact long term  
25 instruments that could only be liquidated at successful Dutch-style auctions.

26 38. Even when the significant risk of auction failure with regard to other types of ARS  
became apparent, FAs were not instructed to provide any warning about the risk of ARPS  
illiquidity.





1           3.       Respondent shall cease and desist from violating Section 8-6-3 (j) (10), Code of  
2 Alabama 1975, and will comply with Section 8-6-3 (j) (10), Code of Alabama 1975, the Alabama  
3 Securities Act.

4           4.       Within 10 days from the entry of this Order, Respondent shall deliver as outlined  
5 below, the total sum of \$38,939.96 dollars to the Alabama Securities Commission, which amount  
6 constitutes Alabama's proportionate share of the total states settlement amount of \$5,000,000.00.  
7 Those funds shall be paid in three (3) separate checks as follows: 1.) Respondents shall pay  
8 \$28,939.96 to the Alabama Securities Commission; 2.) Respondents shall pay \$5,000.00 to the  
9 Alabama District Attorney's Association, a non-profit corporation; 3.) Respondents shall pay  
10 \$5,000.00 to the Alabama Council on Economic Education, a non-profit corporation, which funds  
11 are designated specifically for the purpose of promoting investor education and investor protection  
12 in the state of Alabama. All checks shall be delivered to the office of the Alabama Securities  
13 Commission. In the event another state securities regulator determines not to accept Respondent's  
14 settlement offer, the total amount of the payment to the state of Alabama shall not be affected.

15           5.       Respondent shall take certain measures with respect to current and former  
16 customers with respect to "Eligible Auction Rate Securities", as defined below in Paragraph IV.6.

17           6.       "Eligible Auction Rate Securities." For purposes of this Order, "Eligible Auction  
18 Rate Securities" means auction rate securities that Respondent's customers purchased through  
19 Respondent, or through an entity acquired by Respondent, on or before February 13, 2008, and that  
20 have failed at auction at least once since February 13, 2008.

21           7.       "Eligible Investors". For purposes of this Order, "Eligible Investors," shall mean  
22 the following:

23           (a)       Current and former account holders who purchased Eligible Auction Rate Securities  
24 through Respondent on or before February 13, 2008, whether or not such Eligible Auction Rate  
25 Securities were transferred away from Respondent, and held those securities on February 13, 2008.

26           (b)       As for customers who purchased Eligible Auction Rate Securities from an entity  
acquired by Respondent, only those customers who became customers of Respondent and  
transferred their ARS holdings to Respondent following the acquisition shall be considered  
"Eligible Investors."

          8.       Not Included In the Definition of "Eligible Investors." "Eligible Investors" for the  
purposes of this Order, shall not include the following:

1 (a) Senior management of Respondent and its predecessors or Respondent's financial  
advisors/registered representatives.

2 (b) Customers who, as a result of prior legal proceedings with E\*TRADE, have  
3 previously had claims adjudicated.

4 (c) Customers who received par value for their ARS through a sale, issuer redemption,  
5 or payment from Respondent.

6 9. Purchase Offer. Respondent shall offer to purchase (or offer to arrange a third party  
7 to purchase), at par plus accrued and unpaid dividends/interest, from Eligible Investors their  
8 Eligible Auction Rate Securities that have failed at auction at least once since February 13, 2008  
(the "Purchase Offer").

9 10. Notification and Buyback Procedures.

10 a. Respondent shall create a written notice related to the Purchase Offer (the  
11 "Notice"). The Notice shall explain the relevant terms of this Order and describe what Eligible  
12 Investors must do to accept, in whole or in part, the Purchase Offer, including how Eligible  
Investors may accept the Purchase Offer.

13 b. Initial Notice

14 i. Respondent shall provide the Notice to Eligible Investors who purchased  
15 Eligible Auction Rate Securities with Respondent by January 16, 2012.

16 ii. Furthermore, by January 16, 2012, Respondent shall undertake its best  
17 efforts to identify and locate customers who purchased Eligible Auction Rate Securities with  
18 Respondent but who transferred such Eligible Auction Rate Securities away from Respondent  
19 between February 13, 2008 and November 16, 2011. Respondent will provide any such customers  
20 the Purchase Offer described in Section IV.9, the Notification and Buyback Procedures described  
in Section IV.10, and the other terms described in Sections IV.11, IV.12, and IV.13.

21 c. Second Notice

22 With respect to each Eligible Investor that Respondent sent the Notice required by  
23 Paragraph IV.10.b above and who did not respond, Respondent shall provide a second copy of the  
Notice on or before March 30, 2012.

24 d. Offer Period

25 i. Respondent shall keep the Purchase Offer open until May 15, 2012 ("Offer  
26 Period").

1                   ii.       Eligible Investors may accept the Purchase Offer by notifying Respondent as  
2 described in the Purchase Offer, at any time before 11:59 P.M. Eastern Time, on or before the last  
3 day of the Offer Period. For those Eligible Investors who accept the Purchase Offer within the  
4 Offer Period, Respondent shall purchase or arrange to have purchased their Eligible Auction Rate  
5 Securities by no later than five (5) business days following Respondent's receipt of such Eligible  
Investor's acceptance.

6                   e.       An Eligible Investor may revoke their acceptance of Respondent's Purchase Offer at  
7 any time up until Respondent's purchase of such Eligible Investor's Eligible Auction Rate  
8 Securities.

9                   f.       Respondent's obligation to those Eligible Investors who transferred their Eligible  
10 Auction Rate Securities away from Respondent prior to November 16, 2011 shall be contingent on:  
11 (1) Respondent receiving reasonably satisfactory assurances from the financial institution currently  
12 holding the Eligible Investor's Eligible Auction Rate Securities that the bidding rights associated  
with such Eligible Auction Rate Securities will be transferred to Respondent; and (2) the transfer  
to, and receipt in good order by, Respondent of Eligible Auction Rate Securities.

13                   g.       Respondent shall use its best efforts to identify, contact and assist any Eligible  
14 Investor who has transferred the Eligible Auction Rate Securities out of Respondent's custody in  
15 returning such Auction Rate Securities to Respondent's custody, and shall not charge such Eligible  
16 Investor any fees relating to or in connection with the return to Respondent or custodianship by  
Respondent of such Eligible Auction Rate Securities.

17                   11.       Customer Assistance. By no later than the date of the Initial Notice, Respondent  
18 shall establish a dedicated toll-free telephone assistance line and website to provide information  
19 and to respond to questions concerning the terms of this Order, and to provide information  
20 concerning the terms of this Order and, via an e-mail address or other reasonable means, to respond  
21 to questions concerning the terms of this Order. Respondent shall maintain the telephone  
assistance line until August 16, 2012.

22                   12.       Relief for Eligible Investors Who Sold Below Par. By January 16, 2012,  
23 Respondent shall use its best efforts to identify each Eligible Investor who: (i) purchased Eligible  
24 Auction Rate Securities from Respondent on or before February 13, 2008; and (ii) who sold those  
25 Eligible Auction Rate Securities below par between February 13, 2008 and November 16, 2011  
26 ("Below Par Sellers"). By January 31, 2012, Respondent shall pay each Below Par Seller the  
difference between par and the price at which the Below Par Seller sold the Eligible Auction Rate

1 Securities, plus reasonable interest thereon. Furthermore, Respondent will pay promptly the  
2 difference between par and the price at which the Below Par Seller sold the Eligible Auction Rate  
3 Securities, plus reasonable interest thereon to any Below Par Sellers identified after January 31,  
4 2012.

4 13. Consequential Damages Arbitration Process.

5 a. Respondent shall consent to participate in a special arbitration process  
6 (“Arbitration”) for the exclusive purpose of arbitrating any Eligible Investor’s consequential  
7 damages claim arising from their inability to sell Eligible Auction Rate Securities. In the  
8 Arbitration, the Special Arbitration Process applicable to firms that have entered into settlements  
9 with state regulators (the “State SAP”) will be available for the exclusive purpose of arbitrating any  
10 Eligible Investor’s consequential damages claim. By January 16, 2012, Respondent shall notify  
11 Eligible Investors of the terms of the Arbitration process through the Notice as set forth in  
12 Paragraph IV.10.b.

13 b. The Arbitration shall be conducted under the auspices of FINRA, pursuant to the  
14 NASD Code of Arbitration Procedures for Customer Disputes, eff. April 16, 2007. Respondent  
15 will pay all applicable forum and filing fees.

16 c. Any Eligible Investors who choose to pursue such claims in the Arbitration shall  
17 bear the burden of proving that they suffered consequential damages and that such damages were  
18 caused by their inability to access funds invested in Eligible Auction Rate Securities. In the  
19 Arbitration, Respondent shall be able to defend itself against such claims; provided, however, that  
20 Respondent shall not contest liability for the illiquidity of the underlying auction rate securities  
21 position or use as part of its defense any decision by the Eligible Investor not to borrow money  
22 from Respondent.

23 d. Eligible Investors who elect to use the Arbitration provided for herein shall not be  
24 eligible for punitive damages, or for any other type of damages other than consequential damages.  
25 However, the State SAP will govern the availability of attorney’s fees.

26 14. Loan Interest Expense.

By January 16, 2012, Respondent shall use its best efforts to identify Eligible Investors that  
obtained a loan through Respondent (or its affiliates) secured by Eligible Auction Rate Securities  
that were not successfully auctioning at the time the loan was taken and who paid more in interest  
on the loan than the Eligible Investor received in interest or dividends from the Eligible Auction  
Rate Securities during the time the loan was outstanding (“Negative Carry”). Respondent, on or

1 before January 16, 2012, will reimburse the Eligible Investor the amount of Negative Carry  
2 actually paid.

3 15. Reports and Meetings

4 a. Respondent shall submit quarterly reports to the Colorado Division of Securities  
5 detailing Respondent's progress with respect to the provisions of this Order within ten (10) days  
6 from the month when a quarterly report is due, beginning with a report covering the quarter ending  
7 December 31, 2011 and continuing through and including a report covering the quarter ending  
8 December 31, 2012.

9 b. Beginning December 21, 2011, Respondent shall confer via telephone at least  
10 quarterly with the Colorado Division of Securities regarding Respondent's progress with respect to  
11 the provisions of this Order. Such quarterly telephone conferences shall continue until December  
12 31, 2012.

13 c. The reporting and telephone conference deadlines set forth above may be amended  
14 or modified with written permission from the Colorado Division of Securities.

15 d. At the conclusion of the Purchase Offer, Respondent shall provide a report to the  
16 Colorado Division of Securities concerning all customers nationwide impacted by Respondent's  
17 Purchase Offer and/or reimbursement to those who sold below par.

18 16. This Order is not intended to indicate that Respondent or any of its affiliates or  
19 current or former officers, directors, trustees, agents, members, partners, or employees (and of any  
20 of Respondent's parent companies, subsidiaries or affiliates) shall be subject to any  
21 disqualifications contained in the federal securities laws, the rules and regulations thereunder, the  
22 rules and regulations of self regulatory organizations or various states' securities laws including  
23 any disqualifications from relying upon the registration exemptions or safe harbor provisions. In  
24 addition, this Order is not intended to form the basis for any such disqualifications.

25 17. Except in an action by the State of Alabama to enforce the obligations of  
26 Respondent in this Order, this Order may neither be deemed nor used as an admission of or  
evidence of any alleged fault, omission or liability of Respondent in any civil, criminal, arbitration  
or administrative proceeding in any court, administrative agency or tribunal. For any person or  
entity not a party to this Order, this Order does not limit or create any private rights or remedies  
against Respondent or any of its affiliates or current or former officers, directors, trustees, agents,  
members, partners, or employees (and of any of Respondent's parent companies, subsidiaries or  
affiliates) including, without limitation with respect to the use of any emails or other documents of

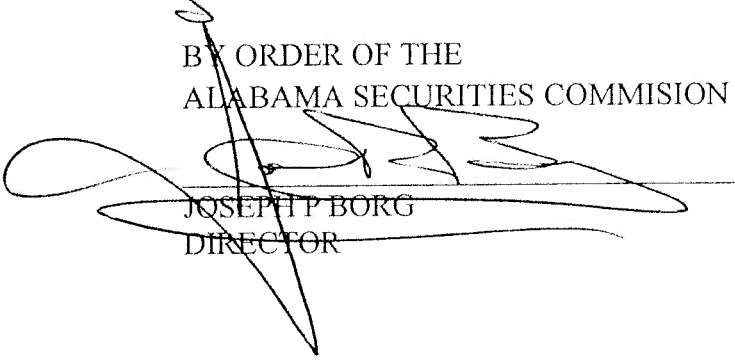
1 Respondent or of others concerning the marketing and/or sales of auction rate securities, limit or  
2 create liability of Respondent, or limit or create defenses of Respondent to any claims.

3 18. This Order is not intended to disqualify Respondent or any of its affiliates or current  
4 or former officers, directors, trustees, agents, members, partners, or employees (and of any of  
5 Respondent's parent companies, subsidiaries or affiliates) from any business that they otherwise  
6 are qualified or licensed to perform under applicable state securities law and this Order is not  
7 intended to form the basis for any disqualification. This Order may not be read to indicate that  
8 Respondent or any of its affiliates or current or former officers, directors, trustees, agents,  
9 members, partners, or employees (and of any of Respondent's parent companies, subsidiaries or  
10 affiliates) engaged in fraud or to serve as the basis for any future independent action to establish a  
11 violation of any federal laws, the rules or regulations thereunder, or the rules and regulations of  
12 self-regulatory organizations.

13 DATED this 9<sup>th</sup> day of February, 2012.



14 BY ORDER OF THE  
15 ALABAMA SECURITIES COMMISSION

16   
17 JOSEPH P. BORG  
18 DIRECTOR

**CONSENT TO ENTRY OF ADMINISTRATIVE ORDER  
BY E\*TRADE SECURITIES LLC**

E\*TRADE Securities LLC ("Respondent") hereby acknowledges that it has been served with a copy of this Consent Order, has read the foregoing Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

Respondent admits the jurisdiction of the Alabama Securities Commission, neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order, and consents to entry of this Order by Administrator as settlement of the issues contained in this Order.

Respondent shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal, or local tax for any administrative monetary payment that Respondent shall pay pursuant to this Order.

Respondent states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Order and that it has entered into this Order voluntarily.

James E. Ballowe Jr represents that he/she is General Counsel of E\*TRADE Securities LLC and that, as such, has been authorized by E\*TRADE Securities LLC to enter into this Order for and on behalf of E\*TRADE Securities LLC

DATED this 2<sup>nd</sup> day of February, 2012

E\*TRADE SECURITIES LLC

By: James E. Ballowe, Jr

Title: General Counsel

STATE OF Virginia )

County of Arlington )

SUBSCRIBED AND SWORN TO before me this 3<sup>rd</sup> day of February, 2012.

Christopher C. Horak

Notary Public

My commission expires:

May 31, 2012

