

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 68079 / October 22, 2012**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-11780**

**In the Matter of**

**EDWARD D. JONES & CO., L.P.**

**Respondent.**

**ORDER AUTHORIZING THE TRANSFER  
OF RESIDUAL FUNDS AND ANY FUTURE  
FUNDS RETURNED TO THE FAIR FUND  
TO THE U.S. TREASURY, DISCHARGING  
THE FUND ADMINISTRATOR, AND  
TERMINATING THE FAIR FUND**

On December 22, 2004, the U.S. Securities and Exchange Commission (“Commission”) instituted administrative and cease-and-desist proceedings against Edward D. Jones & Co., L.P. (“Edward Jones”) for its failure to adequately disclose certain material facts to its customers relating to the offer and sale of mutual funds participating in its “Preferred Mutual Fund Family Program” and its college savings plans established under Section 529 of the Internal Revenue Code (“529 plans”) in violation of Section 17(a)(2) of the Securities Act of 1933, Section 15B(c)(1) of the Securities Exchange Act of 1934 and Rule 10b-10 thereunder, and Municipal Securities Rulemaking Board Rule G-15 (“Order”). Securities Exchange Act Release No. 50910 (Dec. 22, 2004). The Order: (1) censured Edward Jones; (2) required it to cease and desist from further violating securities laws and to comply with undertakings regarding certain remedial measures; and (3) required it to pay disgorgement plus prejudgment interest of \$37.5 million and a civil money penalty of \$37.5 million. Finally, the Order created a Fair Fund for a distribution pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002.

On June 1, 2006, the Commission issued a Corrected Order Approving Distribution Plan and Appointing an Administrator, which appointed James R. Doty, Esq. of the law firm of Baker Botts, L.L.P. as the Fund Administrator. Securities Exchange Act Release No. 53918A (June 1, 2006). The Distribution Plan (“Plan”) called for the Edward Jones Fair Fund (“Fair Fund”) to be disbursed to investors according to their *pro rata* shares. Investors eligible to receive a disbursement from the Fair Fund were Edward Jones customers who purchased shares of mutual funds between 1999 and 2004 and customers who purchased shares of Edward Jones’s 529 plans from 1999 through 2004 that were part of Edward Jones’s “Preferred Mutual Fund Family Program” (“Customers”).

On October 20, 2006, the Commission issued an Order Directing Distribution of Fair Fund and Extending the Date for Distribution, providing for the disbursement of \$77,924,565 pursuant to the Plan. Securities Exchange Act Release No. 54637 (Oct. 20, 2006). The \$75 million Fair Fund earned approximately \$7.2 million in interest and paid approximately \$2.5 million in taxes. After an initial disbursement and extensive outreach efforts, \$75,288,769.38, or ninety-two percent, of the Fair Fund was distributed to approximately 3.2 million Customer accounts. The Independent Distribution Consultant attempted to distribute the full amount authorized to be distributed by the Commission, and the undistributed amount of \$2,635,795.62, which included un-cashed checks and checks to investors that were returned because of multiple bad addresses, was returned to the Commission. 1,574,610 Customer accounts were reimbursed directly through electronic credits, and Edward Jones sent Customers approximately 1,648,243 checks. As a result, 3,222,853 Customers were sent some form of payment. The average distribution was in the amount of \$24.60.

The Plan provided that the Fair Fund would be eligible for termination on the later of October 1, 2006, or ninety days after the final disbursement and the resolution of any uncashed/unclaimed checks or pending disputes. The last Fair Fund check was issued on January 23, 2008, and no further disbursements have been made since then; nor have there been any disputes or reports of uncashed or unclaimed checks.

The Plan further provided that residual funds should be transmitted to the U.S. Treasury. There is also a remote possibility that additional funds may be returned to the Fair Fund in the future; the Commission also should authorize that these funds be sent to the U.S. Treasury.

The Fund Administrator submitted a Final Accounting of the Fair Fund for Commission approval pursuant to the Plan and Rule 1105(f) of the Commission's Rules on Fair Fund and Disgorgement Plans. Subsequently, the Tax Administrator submitted a Consolidated Standardized Fund Accounting Report ("CFAR") of the Fair Fund.<sup>1</sup> The CFAR was approved by the Commission. According to the CFAR, all liabilities have been satisfied and an amount of \$4,413,744.35 remains in the Fair Fund.

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<sup>1</sup> The CFAR was prepared by Damasco and Associates, the Tax Administrator, in this matter because the Fund Administrator has left Baker Botts, L.L.P. and staff determined that due to the age of the matter and the highly unlikely possibility that he has any additional documents or information that were not provided at the time of the distribution, it would not be a practical use of resources to attempt to reach out to him at this time. Damasco has noted in the CFAR that "[t]his information has been supplied to us and has not been audited or verified by us and we take no responsibility for the accuracy of the underlying support." The staff recommended that the Commission approve the CFAR with this statement under the circumstances because the CFAR is supported by ample documentation, including: (1) monthly statements of accounts from the Bureau of Public Debt; (2) an accounting report prepared by the Commission's Office of Financial Management; (3) extensive correspondence with staff regarding the Commission's U.S. Treasury account; (4) various income tax returns; (5) tax payment receipts; (6) tax refund checks; (7) payment records for transfers of funds to and from Damasco; (8) monthly bank statements from the Northern Trust accounts controlled by the Fund Administrator; and (9) supplemental correspondences with the Fund Administrator.

ACCORDINGLY, IT IS ORDERED that:

1. The Fair Fund's remaining balance of \$4,413,744.35 and any future funds returned to the Fair Fund shall be sent to the U.S. Treasury;
2. The Fund Administrator is hereby discharged; and
3. The Fair Fund is terminated.

By the Commission.

Elizabeth M. Murphy  
Secretary