



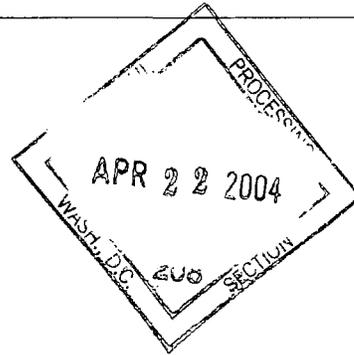
40-33  
811-6242

One Franklin Parkway  
San Mateo, CA 94403-1906  
tel 650/312.2000  
franklintempleton.com

April 20, 2004



04029005



Filing Desk  
U.S. Securities and Exchange Commission  
450 Fifth Street N.W.  
Washington, DC 20549

Re: Filings for All Listed Parties as Attached in Exhibit A Pursuant to Section 33(a) of the Investment Company Act of 1940, as amended (the "1940 Act").

Ladies and Gentlemen:

Enclosed for filing pursuant to Section 33(a) of the 1940 Act, on behalf of all listed parties named in attached Exhibit A, as applicable, is a copy of a Complaint filed by a shareholder of the Fund in the United States District Court, Northern District of California in the matter of Frederic Ian Fischbein v. Franklin AGE High Income Fund, et al. Case No. C 04 0584 JSW.

Please acknowledge receipt of this filing by date-stamping the enclosed copy of this letter and returning it in the envelope provided.

If you have any questions, please contact the undersigned at (650) 312-4843.

Sincerely,

Aliya Gordon  
Associate Corporate Counsel



Enclosure

Barbara J. Green, Esq. (w/o enclosure)  
Murray L. Simpson, Esq. (w/o enclosure)

## Exhibit A

Fund/Trust Name	811 Number	Adviser
Adjustable Rate Securities Portfolio	811-6242	Franklin Advisers, Inc.
Franklin California Tax-Free Income Fund, Inc.	811-730	Franklin Advisers, Inc.
Franklin California Tax-Free Trust	811-4356	Franklin Advisers, Inc.
Franklin Capital Growth Fund	811-334	Franklin Advisers, Inc.
Franklin Custodian Funds, Inc.	811-537	Franklin Advisers, Inc.
Franklin Custodian Funds, Inc.- <i>Franklin Growth Fund</i>	811-537	Franklin Investment Advisory Services, Inc.
Franklin Federal Money Fund	811-3052	Franklin Advisers, Inc.
Franklin Federal Tax-Free Income Fund	811-3395	Franklin Advisers, Inc.
Franklin Floating Rate Master Trust	811-09869	Franklin Advisers, Inc.
Franklin Global Trust- -Global Aggressive Growth -Global Growth -Internat'l Smaller Cos. Growth	811-10157	Franklin Advisers, Inc. (subadvised by Fiduciary International, Inc.)
Franklin Global Trust- -Fiduciary European Smaller Companies		

-Fiduciary Large Capitalization Growth and Income -Fiduciary Small Capitalization Equity -Fiduciary Core Fixed Income -Fiduciary Core Plus Fixed Income -Fiduciary High Income	811-10157	Fiduciary International, Inc. (subadvised by Franklin Advisers, Inc.)
Franklin Gold and Precious Metals	811-1700	Franklin Advisers, Inc.
Franklin High Income Trust	811-1608	Franklin Advisers, Inc.
Franklin Investors Securities Trust	811-4986	Franklin Advisers, Inc.
Franklin Managed Trust	811-4894	Franklin Advisory Services, Inc.
Franklin Money Fund	811-2605	Franklin Advisers, Inc.
Franklin Municipal Securities Trust	811-6481	Franklin Advisers, Inc.
Franklin Mutual Series Fund, Inc.	811-5387	Franklin Mutual Advisers, Inc.
Franklin New York Tax-Free Income	811-3479	Franklin Advisers, Inc.
Franklin New York Tax-Free Trust	811-4787	Franklin Advisers, Inc.
Franklin Real Estate Securities Trust	811-8034	Franklin Advisers, Inc.
Franklin Strategic Mortgage Portfolio	811-7288	Franklin Advisers, Inc.
Franklin Strategic Series  -all except U.S. Long-Short	811-6243	Franklin Advisers, Inc. (U.S. L-S subadvised by Franklin Templeton

		Alternative Strategies, Inc.
Franklin Tax-Exempt Money Fund	811-3193	Franklin Advisers, Inc.
Franklin Tax-Free Trust	811-4149	Franklin Advisers, Inc.
Franklin Templeton Fund Allocator Series	811-7851	Franklin Advisers, Inc.
Franklin Templeton Global Trust	811-4450	Franklin Advisers, Inc.
Franklin Templeton International Trust  Templeton Foreign Smaller Cos.  Templeton Global Long-Short	811-6336	Franklin Advisers, Inc.  -subadvised by Templeton Investment Counsel, LLC and further subadvised by Franklin Templeton Investments (Asia) Limited  -subadvised by Templeton Global Advisors, Ltd.
Franklin Templeton Money Fund Trust	811-8962	Franklin Advisers, Inc.
Franklin Templeton Variable Insurance Products Trust  -Templeton Developing Markets  -Templeton Global Asset Allocation  -Templeton Growth Securities	811-5583	Franklin Advisers, Inc.  Templeton Asset Management, Ltd.  Templeton Investment Counsel, Inc. (subadvised by Franklin Advisers, Inc.)

		-Templeton Global Advisors, Ltd. (subadvised by Templeton Asset Management, Ltd.)
Franklin Value Investors Trust	811-5878	Franklin Advisory Services, LLC
Institutional Fiduciary Trust	811-4267	Franklin Advisers, Inc.
The Money Market Portfolios	811-7038	Franklin Advisers, Inc.
Franklin Universal Trust (closed end )	811-5569	Franklin Advisers, Inc.
Templeton China World	811-7876	Templeton Asset Management, Ltd.
Templeton Developing Markets Trust	811-6378	Templeton Asset Management, Ltd.
Templeton Funds, Inc.	811-2781	Templeton Global Advisors, Ltd.
Templeton Global Investment Trust	811-8226	<i>Templeton Internat'l (ex EM) Fund-</i> Templeton Global Advisors, Ltd.  <i>FT Non-U.S. Dynamic Core Equity Series-</i> Franklin Templeton Alternative Strategies, Inc.  -subadvised by Fiduciary Internat'l, Inc.
Templeton Global Opportunities Trust	811-5914	Templeton Investment Counsel, LLC
Templeton Global Smaller Companies Fund, Inc.	811-3143	Templeton Investment Counsel, LLC  -subadvised by F-T Investments (Asia)

		Ltd
Templeton Growth Fund, Inc.	811-4892	Templeton Global Advisors, Ltd.
Templeton Income Trust	811-4706	Franklin Advisers, Inc.
Not sure if mentioned in Complaint directly, but  Templeton Institutional Funds, Inc.	811-6135	<p><i>Emerging Markets Series -</i> Templeton Asset Management, Ltd.</p> <p><i>Emerging Fixed Income Markets Series -</i> Franklin Advisers, Inc.</p> <p><i>Foreign Equity Series -</i> Templeton Investment Counsel, Inc.</p> <p><i>Foreign Smaller Companies Series -</i> Templeton Investment Counsel, LLC -subadvised by FT Investments (Asia) Limited</p> <p><i>FT Non U.S. Core Equity Series -</i> FT Alternative Strategies, Inc. -subadvised by Fiduciary Internat'l, Inc.</p>

ORIGINAL

FILED  
04 FEB 11 PM 3:21  
RICHARD W. BIERING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

1 Robert S. Green (Calif. Bar No.136183)  
2 Robert A. Jigarjian (Calif. BarNo.171107)  
3 **GREEN & JIGARJIAN LLP**  
4 235 Pine Street, 15th Floor  
5 San Francisco, California 94104  
6 Telephone: (415) 477-6700  
7 Facsimile: (415) 477-6710

8 Melvyn I. Weiss  
9 Steven G. Schulman  
10 Peter E. Seidman  
11 Sharon M. Lee  
12 **MILBERG WEISS BERSHAD**  
13 **HYNES & LERACH LLP**  
14 One Pennsylvania Plaza  
15 New York, NY 10119-0165  
16 Telephone: (212) 594-5300  
17 Facsimile: (212) 272-4430

18 Attorneys for Plaintiff

E-filing

UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

JSW

15 FREDERIC IAN FISCHBEIN on behalf of  
16 FREDERIC IAN FISCHBEIN M.P.C.  
17 AMENDED/RESTATED EMPLOYEE  
18 BENEFIT TRUST DATED 12/1/84,  
19 Individually and on Behalf of All Others  
20 Similarly Situated,

Plaintiff,

vs.

21 FRANKLIN AGE HIGH INCOME FUND,  
22 FRANKLIN ADJUSTABLE U.S.  
23 GOVERNMENT SECURITIES FUND,  
24 FRANKLIN AGGRESSIVE GROWTH FUND  
25 FRANKLIN ALABAMA TAX-FREE  
26 INCOME FUND, FRANKLIN ARIZONA  
27 TAX-FREE INCOME FUND, FRANKLIN  
28 BALANCE SHEET INVESTMENT FUND,  
FRANKLIN BIOTECHNOLOGY  
DISCOVERY FUND, FRANKLIN BLUE  
CHIP FUND, FRANKLIN CALIFORNIA  
HIGH YIELD MUNICIPAL FUND,  
FRANKLIN CALIFORNIA INSURED  
**Caption Continues on next page**

04 Civil Action No. **04-0584**  
**CLASS ACTION COMPLAINT**

**JURY TRIAL DEMANDED**

1 TAX-FREE INCOME FUND, FRANKLIN  
2 CALIFORNIA INTERMEDIATE-TERM  
3 TAX-FREE INCOME FUND, FRANKLIN  
4 CALIFORNIA LIMITED TERM TAX-FREE  
5 INCOME FUND, FRANKLIN CALIFORNIA  
6 TAX-EXEMPT MONEY FUND, FRANKLIN  
7 CALIFORNIA TAX-FREE INCOME FUND,  
8 FRANKLIN CAPITAL GROWTH FUND,  
9 FRANKLIN COLORADO TAX-FREE  
10 INCOME FUND, FRANKLIN  
11 CONNECTICUT TAX-FREE INCOME  
12 FUND, FRANKLIN CONVERTIBLE  
13 SECURITIES FUND, FRANKLIN DOUBLE  
14 TAX-FREE INCOME FUND, FRANKLIN  
15 DYNATECH FUND, FRANKLIN EQUITY  
16 INCOME FUND, FRANKLIN FEDERAL  
17 INTERMEDIATE-TERM TAX-FREE  
18 INCOME FUND, FRANKLIN FEDERAL  
19 LIMITED TERM TAX-FREE INCOME  
20 FUND, FRANKLIN FEDERAL MONEY  
21 FUND, FRANKLIN FEDERAL TAX-FREE  
22 INCOME FUND, FRANKLIN FLEX CAP  
23 GROWTH FUND,  
24 FRANKLIN FLOATING RATE DAILY  
25 ACCESS FUND, FRANKLIN FLOATING  
26 RATE TRUST, FRANKLIN FLORIDA  
27 INSURED TAX-FREE INCOME FUND,  
28 FRANKLIN FLORIDA TAX-FREE INCOME  
FUND, FRANKLIN GEORGIA TAX-FREE  
INCOME FUND, FRANKLIN GLOBAL  
AGGRESSIVE GROWTH FUND,  
FRANKLIN GLOBAL COMMUNICATIONS  
FUND, FRANKLIN GLOBAL GROWTH  
FUND, FRANKLIN GLOBAL HEALTH  
CARE FUND, FRANKLIN GOLD AND  
PRECIOUS METALS FUND, FRANKLIN  
GROWTH FUND, FRANKLIN HIGH YIELD  
TAX-FREE INCOME FUND, FRANKLIN  
INCOME FUND, FRANKLIN INSURED  
TAX-FREE INCOME FUND, FRANKLIN  
KENTUCKY TAX-FREE INCOME FUND,  
FRANKLIN LARGE CAP GROWTH FUND,  
FRANKLIN LARGE CAP VALUE FUND,  
FRANKLIN LOUISIANA TAX-FREE  
INCOME FUND, FRANKLIN MARYLAND  
TAX-FREE INCOME FUND, FRANKLIN  
MASSACHUSETTS INSURED TAX-FREE  
INCOME FUND, FRANKLIN MICHIGAN  
INSURED TAX-FREE INCOME FUND,  
FRANKLIN MICROCAP VALUE FUND,  
FRANKLIN MINNESOTA INSURED TAX-  
FREE INCOME FUND, FRANKLIN

28 **Caption Continues On Next Page**

1 MISSOURI TAX-FREE INCOME FUND,  
FRANKLIN MONEY FUND, FRANKLIN  
2 NATURAL RESOURCES FUND,  
FRANKLIN NEW JERSEY TAX-FREE  
3 INCOME FUND, FRANKLIN NEW YORK  
INSURED TAX-FREE INCOME FUND,  
4 FRANKLIN NEW YORK INTERMEDIATE-  
TERM TAX-FREE INCOME FUND,  
5 FRANKLIN NEW YORK LIMITED TERM  
TAX-FREE INCOME FUND, FRANKLIN  
6 NEW YORK TAX-EXEMPT MONEY FUND,  
FRANKLIN NEW YORK TAX-FREE  
7 INCOME FUND, FRANKLIN NORTH  
CAROLINA TAX-FREE INCOME FUND,  
8 FRANKLIN OHIO INSURED TAX-FREE  
INCOME FUND, FRANKLIN OREGON  
9 TAX-FREE INCOME FUND, FRANKLIN  
PENNSYLVANIA TAX-FREE INCOME  
10 FUND, FRANKLIN REAL ESTATE  
SECURITIES FUND, FRANKLIN RISING  
11 DIVIDENDS FUND, FRANKLIN SHORT-  
INTERMEDIATE U.S., GOVERNMENT  
12 SECURITIES FUND, FRANKLIN SMALL  
CAP GROWTH FUND II, FRANKLIN  
13 SMALL CAP VALUE FUND, FRANKLIN  
SMALL-MID CAP GROWTH FUND,  
14 FRANKLIN STRATEGIC INCOME FUND,  
FRANKLIN STRATEGIC MORTGAGE  
15 PORTFOLIO, FRANKLIN TAX-EXEMPT  
MONEY FUND, FRANKLIN  
16 TECHNOLOGY FUND, FRANKLIN  
TEMPLETON CONSERVATIVE TARGET  
17 FUND, FRANKLIN TEMPLETON  
COREFOLIO ALLOCATION FUND,  
18 FRANKLIN TEMPLETON FOUNDING  
FUNDS ALLOCATION FUND, FRANKLIN  
19 TEMPLETON GROWTH TARGET FUND,  
FRANKLIN TEMPLETON HARD  
20 CURRENCY FUND, FRANKLIN  
TEMPLETON MODERATE TARGET FUND,  
21 FRANKLIN TEMPLETON MONEY FUND,  
FRANKLIN TENNESSEE MUNICIPAL  
22 BOND FUND, FRANKLIN TEXAS TAX-  
FREE INCOME FUND, FRANKLIN TOTAL  
23 RETURN FUND, FRANKLIN U.S.  
GOVERNMENT SECURITIES FUND,  
24 FRANKLIN U.S. LONG-SHORT FUND,  
FRANKLIN UTILITIES FUND, FRANKLIN  
25 VIRGINIA TAX-FREE INCOME FUND,  
TEMPLETON CHINA WORLD FUND,  
26 TEMPLETON DEVELOPING MARKETS  
TRUST, TEMPLETON FOREIGN FUND,  
27 TEMPLETON FOREIGN SMALLER

28 **Caption Continues On Next Page**

1 COMPANIES FUND, TEMPLETON  
2 GLOBAL BOND FUND, TEMPLETON  
3 GLOBAL LONG-SHORT FUND,  
4 TEMPLETON GLOBAL OPPORTUNITIES  
5 TRUST, TEMPLETON GLOBAL SMALLER  
6 COMPANIES FUND, INC., TEMPLETON  
7 GROWTH FUND, INC., TEMPLETON  
8 INTERNATIONAL (EX EM) FUND,  
9 TEMPLETON LATIN AMERICA FUND,  
10 TEMPLETON PACIFIC GROWTH FUND,  
11 TEMPLETON WORLD FUND, MUTUAL  
12 BEACON FUND, MUTUAL DISCOVERY  
13 FUND, MUTUAL EUROPEAN FUND,  
14 MUTUAL FINANCIAL SERVICES FUND,  
15 MUTUAL QUALIFIED FUND, MUTUAL  
16 RECOVERY FUND, MUTUAL SHARES  
17 FUND (collectively known as the  
18 "FRANKLIN FUNDS"); FRANKLIN ASSET  
19 ALLOCATION FUND, FRANKLIN  
20 CALIFORNIA TAX FREE INCOME FUND  
21 INC., FRANKLIN CALIFORNIA TAX FREE  
22 TRUST, FRANKLIN CAPITAL GROWTH  
23 FUND, FRANKLIN CUSTODIAN FUNDS  
24 INC., FRANKLIN FEDERAL MONEY  
25 FUND, FRANKLIN FEDERAL TAX FREE  
26 INCOME FUND, FRANKLIN FLOATING  
27 RATE MASTER TRUST, FRANKLIN  
28 FLOATING RATE TRUST, FRANKLIN  
GLOBAL TRUST, FRANKLIN HIGH  
INCOME TRUST, FRANKLIN TEMPLETON  
INTERNATIONAL TRUST, FRANKLIN  
INVESTORS SECURITIES TRUST,  
FRANKLIN MANAGED TRUST,  
FRANKLIN MONEY FUND, FRANKLIN  
MULTI INCOME TRUST, FRANKLIN  
MUNICIPAL SECURITIES TRUST,  
FRANKLIN MUTUAL SERIES FUND INC.,  
FRANKLIN NEW YORK TAX FREE  
INCOME FUND, FRANKLIN NEW YORK  
TAX FREE TRUST, FRANKLIN REAL  
ESTATE SECURITIES TRUST, FRANKLIN  
STRATEGIC MORTGAGE PORTFOLIO,  
FRANKLIN STRATEGIC SERIES,  
FRANKLIN TAX ADVANTAGED HIGH  
YIELD SECURITIES FUND, FRANKLIN  
TAX ADVANTAGED INTERNATIONAL  
BOND FUND, FRANKLIN TAX  
ADVANTAGED U.S. GOVERNMENT  
SECURITIES FUND, FRANKLIN TAX  
EXEMPT MONEY FUND, FRANKLIN TAX  
FREE TRUST, FRANKLIN TEMPLETON  
FUND ALLOCATOR SERIES, FRANKLIN

28 **Caption Continues On Next Page**

1 TEMPLETON GLOBAL TRUST,  
2 FRANKLIN TEMPLETON JAPAN FUND,  
3 FRANKLIN TEMPLETON MONEY FUND  
4 TRUST, FRANKLIN TEMPLETON  
5 SERVICES LLC. (collectively known as the  
6 "FRANKLIN FUNDS REGISTRANTS");  
7 FRANKLIN RESOURCES, INC.; FRANKLIN  
8 ADVISERS, INC.; TEMPLETON/FRANKLIN  
9 INVESTMENT SERVICES, INC.;  
10 FRANKLIN PRIVATE CLIENT SERVICES,  
11 INC.; FRANKLIN MUTUAL ADVISERS,  
12 LLC; WILLIAM POST; SECURITY  
13 BROKERAGE, INC.; DANIEL G.  
14 CALUGAR, DCIP, L.P.; FRANKLIN  
15 TEMPLETON STRATEGIC GROWTH  
16 FUND, L.P.; and JOHN DOES 1-100,

Defendants

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1 Plaintiff alleges the following based upon the investigation of plaintiff's counsel, which  
2 included a review of regulatory filings and reports and advisories; press releases and media  
3 reports about the subject matter of this complaint, and the following complaints: *Securities*  
4 *Exchange Commission v. Daniel Calugar and Security Brokerage, INC.*, No. CV-S-03-1600-  
5 RCJ-RJJ (D. Nev. filed Dec. 22, 2003), and *In re: Franklin Resources, Inc.* No. E-2004-007  
6 (Mass. Sec. Div. Enforcement Sec. filed on Feb. 4, 2004). Plaintiff believes that substantial  
7 additional evidentiary support will exist for the allegations set forth herein after a reasonable  
8 opportunity for discovery.

9 **NATURE OF THE ACTION**

10 1. This is a federal class action on behalf of a class consisting of all persons other  
11 than defendants who purchased or otherwise acquired shares or other ownership units of one or  
12 more of the mutual funds in the Franklin family of funds (*i.e.*, the Franklin Funds as defined in  
13 the caption, above) between February 6, 1999 and February 4, 2004, inclusive (the "Class  
14 Period"), and who were damaged thereby (the "Class"). Plaintiff seeks to pursue remedies under  
15 the Securities Act of 1933 (the "Securities Act"), the Securities Exchange Act of 1934 (the  
16 "Exchange Act") and the Investment Advisers Act of 1940 (the "Investment Advisers Act").

17 2. This action charges defendants with engaging in an unlawful and deceitful course  
18 of conduct designed to improperly financially advantage defendants to the detriment of plaintiff  
19 and the other members of the Class. As part and parcel of defendants' unlawful conduct, the  
20 Fund Defendants, as defined below, in clear contravention of their fiduciary responsibilities, and  
21 disclosure obligations, failed to properly disclose that select favored customers, were improperly  
22 allowed to "time" their trades in Franklin Funds. Such timing, as more fully described herein,  
23 improperly allows an investor to trade in and out of a mutual fund to exploit short-term moves  
24 and inefficiencies in the manner in which the mutual funds price their shares.

25 On February 4, 2004, the Office of the Secretary of the Commonwealth of Massachusetts  
26 William Galvin filed an administrative complaint ("Galvin Complaint") against the Fund  
27 Defendants for facilitating and permitting market timing in Franklin Funds, in direct  
28 contravention of the Funds' prospectuses, in exchange for millions of dollars in "sticky assets"

1 investments in Franklin hedge funds. The complaint stated that “[t]his case illustrates yet  
2 another mutual fund company putting profits over its fiduciary duty to act in the best interests  
3 of its long-term shareholder clients.” (emphasis added)

4 3. The Galvin Complaint also charged Daniel G. Calugar (“Calugar”) and his  
5 brokerage company, Security Brokerage, Inc. (“SBI”) with market timing in Franklin Funds.  
6 The Complaint alleges that Calugar invested at least \$10 million in sticky assets in a Franklin  
7 hedge fund in exchange for the right to time at least \$45 million in Franklin Funds. During the  
8 Class Period, SBI and Calugar also aided, abetted, and otherwise participated in the breach of the  
9 Advisors’ and the Franklin Funds’ fiduciary duties to Funds’ investors to prevent market timing.

#### 10 JURISDICTION AND VENUE

11 4. This Court has jurisdiction over the subject matter of this action pursuant to § 27  
12 of the Exchange Act of 1934 (15 U.S.C. § 78aa); Section 22 of the Securities Act (15 U.S.C. §  
13 77v); Section 80b-14 of the Investment Advisers Act (15 U.S.C. § 80b-14); and 28 U.S.C. §§  
14 1331, 1337.

15 5. Many of the acts charged herein, including the preparation and dissemination of  
16 materially false and misleading information, occurred in substantial part in this District.  
17 Defendants conducted other substantial business within this District and many Class members  
18 reside within this District. Franklin Resources, Inc., Franklin Advisers, Inc., Templeton/Franklin  
19 Investment Services, Inc., and Franklin Private Client Services, Inc. maintain their principal  
20 place of business in this District.

21 6. In connection with the acts alleged in this complaint, defendants, directly or  
22 indirectly, used the means and instrumentalities of interstate commerce, including, but not  
23 limited to, the mails, interstate telephone communications and the facilities of the national  
24 securities markets.

#### 25 PARTIES

26 7. Plaintiff Frederic Ian Fischbein, on behalf of Frederic Ian Fischbein M.D. P.C.  
27 Amended/Restated Employee Benefit Trust Dated 12/1/84, as set forth in his certification, which  
28 is attached hereto and incorporated by reference herein, purchased units of the Franklin Income

1 Fund, Franklin Convertible Securities Fund, Mutual Beacon Fund, Franklin Age High Income  
2 Fund, Franklin Small Cap Value Fund, Templeton Long-Short Fund, and Mutual Discovery  
3 Fund during the Class Period and has been damaged thereby.

4 8. Each of the defendant Franklin Funds, including the Franklin Income Fund,  
5 Franklin Convertible Securities Fund, Mutual Beacon Fund, Franklin Age High Income Fund,  
6 Franklin Small Cap Value Fund, Templeton Long-Short Fund, and Mutual Discovery Fund, are  
7 mutual funds that are regulated by the Investment Company Act of 1940, that are managed by  
8 defendant Franklin Advisors, as defined below, and that buy, hold, and sell shares or other  
9 ownership units that are subject to the misconduct alleged in this complaint.

10 9. Defendant Franklin Resources, Inc. ("Franklin Resources") is a California-based  
11 corporation and maintains its corporation headquarters at One Franklin Parkway, Building 920,  
12 San Mateo, California 94403. Franklin Resources, through its subsidiaries, provides retail and  
13 institutional asset management services throughout the world under the trade name Franklin  
14 Templeton Investments. Franklin Resources is the ultimate parent of all of the defendants  
15 bearing the Franklin and/or Templeton names. Franklin Resources securities trade on the New  
16 York Stock Exchange under the symbol "BEN."

17 10. Defendant Franklin Advisers, Inc. ("Franklin Advisers") is registered as an  
18 investment adviser under the Investment Advisers Act and, along with Templeton/Franklin  
19 Investment Services, Inc. ("Templeton/Franklin Investment"), Franklin Mutual Advisers, LLC  
20 ("Franklin Mutual Advisers") and Franklin Private Client Services, Inc. ("Franklin Private  
21 Client"), managed and advised the Franklin Funds during the Class Period. During this period,  
22 Franklin Advisers, along with Templeton/Franklin Investment, Franklin Mutual Advisers and  
23 Franklin Private Client had ultimate responsibility for overseeing the day-to-day management of  
24 the Franklin Funds. Franklin Advisers is located at One Franklin Parkway, San Mateo,  
25 California 94403.

26 11. Defendant Templeton/Franklin Investment, doing business as "Templeton Private  
27 Client Group", is registered as an investment adviser under the Investment Advisers Act and,  
28 along with Franklin Advisers, Franklin Mutual Advisers and Franklin Private Client, managed

1 and advised the Franklin Funds during the Class Period. During this period, Templeton/Franklin  
2 Investment, along with Franklin Advisers, Franklin Mutual Advisers and Franklin Private Client,  
3 had ultimate responsibility for overseeing the day-to-day management of the Franklin Funds.  
4 Templeton/Franklin Investment is located at One Franklin Parkway, San Mateo, California  
5 94403.

6 12. Defendant Franklin Private Client is registered as an investment adviser under the  
7 Investment Advisers Act and, along with Franklin Advisers, Franklin Mutual Advisers and  
8 Templeton/Franklin Investment, managed and advised the Franklin Funds during the Class  
9 Period. During this period, Franklin Private Client, along with Franklin Advisers, Franklin  
10 Mutual Advisers and Templeton/Franklin Investment, had ultimate responsibility for overseeing  
11 the day-to-day management of the Franklin Funds. Franklin Private Client is located at One  
12 Franklin Parkway, San Mateo, California 94403.

13 13. Defendant Franklin Mutual Advisers is registered as an investment adviser under  
14 the Investment Advisers Act and, along with Franklin Advisers, Franklin Private Client and  
15 Templeton/Franklin Investment, managed and advised the Franklin Funds during the Class  
16 Period. During this period, Franklin Mutual Advisers, along with Franklin Private Client,  
17 Franklin Advisers and Templeton/Franklin Investment, had ultimate responsibility for overseeing  
18 the day-to-day management of the Franklin Funds. Franklin Mutual Advisers is located at 51  
19 John F. Kennedy Parkway, Short Hills, New Jersey 07078.

20 14. Franklin Advisers, Franklin Mutual Advisers, Templeton/Franklin Investment,  
21 and Franklin Private Client are collectively known as herein as the "Advisors."

22 15. Defendant William Post ("Post") served as a portfolio manager of various  
23 Franklin Funds from as early as June 2000 to as late as December 2003, and was the President  
24 and Chief Executive Officer of the northern California Region of Templeton/Franklin. During  
25 the Class Period Post was an active participant in the unlawful scheme alleged herein.

26 16. Defendants Franklin Funds Registrants are the registrants and issuers of the shares  
27 of one or more of the Franklin Funds.

28

1           17. Defendant Franklin Templeton Strategic Growth Fund, L.P. (“Franklin Hedge  
2 Fund”) is a Delaware limited partnership and hedge fund of which Calugar was a limited partner.  
3 As part and parcel of defendants’ unlawful scheme alleged herein, the Calugar Defendants  
4 invested \$10 million in “sticky assets”, defined herein, in the Franklin Hedge Fund in exchange  
5 for market timing capacity in the Franklin Funds.

6           18. Franklin Resources, the Advisors, Franklin Funds Registrants, Franklin Hedge  
7 Fund, Franklin Funds, and William Post are referred to collectively herein as the “Fund  
8 Defendants.”

9           19. Defendant SBI was at all relevant times a broker dealer firm registered with the  
10 Securities Exchange Commission (“SEC”) and located in Las Vegas, Nevada. On September 19,  
11 2003, SBI filed Form BDW with the SEC seeking to withdraw its broker-dealer registration.

12           20. Defendant Daniel G. Calugar (“Calugar”) is a resident of Las Vegas, Nevada and  
13 Los Angeles, California and, at all relevant times, was the President and 95% owner of SBI.

14           21. Defendant DCIP, L.P. (“DCIP”) is a limited partnership formed under the laws of  
15 the State of Nevada for the purpose of market timing and other improper trading of mutual funds.  
16 Calugar is a general partner of DCIP.

17           22. Defendants Calugar, SBI, and DCIP are collectively known as herein as the  
18 “Calugar Defendants.”

19           23. The true names and capacities of defendants sued herein as John Does 1 through  
20 100 are other active participants with the Fund Defendants in the widespread unlawful conduct  
21 alleged herein whose identities have yet to be ascertained. Such defendants were secretly  
22 permitted to engage in improper timing at the expense of ordinary Franklin Funds investors, such  
23 as plaintiff and the other members of the Class, in exchange for which these John Doe  
24 defendants provided remuneration to the Fund Defendants. Plaintiff will seek to amend this  
25 complaint to state the true names and capacities of said defendants when they have been  
26 ascertained.

27  
28

1 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

2 24. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil  
3 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all persons or entities who  
4 purchased or otherwise acquired shares of the Franklin Income Fund, Franklin Convertible  
5 Securities Fund, Mutual Beacon Fund, Franklin Age High Income Fund, Franklin Small Cap  
6 Value Fund, Templeton Long-Short Fund, and Mutual Discovery Fund, or like interests in any of  
7 the other Franklin Funds, between February 6, 1999 and February 4, 2004, inclusive, and who  
8 were damaged thereby. Plaintiff and each of the Class members purchased shares or other  
9 ownership units in Franklin Funds pursuant to a registration statement and prospectus. The  
10 registration statements and prospectuses pursuant to which plaintiff and the other Class members  
11 purchased their shares or other ownership units in the Franklin Funds, including the Franklin  
12 Income Fund, Franklin Convertible Securities Fund, Mutual Beacon Fund, Franklin Age High  
13 Income Fund, Franklin Small Cap Value Fund, Templeton Long-Short Fund, and Mutual  
14 Discovery Fund, are referred to collectively herein as the "Prospectuses." Excluded from the  
15 Class are defendants, members of their immediate families and their legal representatives, heirs,  
16 successors or assigns and any entity in which defendants have or had a controlling interest.

17 25. The members of the Class are so numerous that joinder of all members is  
18 impracticable. While the exact number of Class members is unknown to plaintiff at this time and  
19 can only be ascertained through appropriate discovery, plaintiff believes that there are thousands  
20 of members in the proposed Class. Record owners and other members of the Class may be  
21 identified from records maintained by the Franklin Funds and may be notified of the pendency of  
22 this action by mail, using the form of notice similar to that customarily used in securities class  
23 actions.

24 26. Plaintiff's claims are typical of the claims of the members of the Class as all  
25 members of the Class are similarly affected by defendants' wrongful conduct in violation of  
26 federal law that is complained of herein.

27 27. Plaintiff will fairly and adequately protect the interests of the members of the  
28 Class and have retained counsel competent and experienced in class and securities litigation.



1 plaintiff and the other members of the Class who knew nothing of these illicit arrangements.  
2 Specifically, the Advisors, as manager of the Franklin Funds, and each of the relevant fund  
3 managers, profited from fees the Advisors charged to the Franklin Funds that were measured as a  
4 percentage of the fees under management. Additionally, in exchange for the right to engage in  
5 timing, which hurt plaintiff and other Class members, by artificially and materially affecting the  
6 value of the Franklin Funds, the Calugar Defendants and the John Doe Defendants agreed to park  
7 substantial assets in the Funds, thereby increasing the assets under Franklin Funds' management  
8 and the fees paid to Franklin Funds' managers. The assets parked in the Franklin Funds in  
9 exchange for the right to engage in timing have been referred to as "sticky assets." The synergy  
10 between the Fund Defendants and the Calugar Defendants and John Doe Defendants hinged on  
11 ordinary investors' misplaced trust in the integrity of mutual fund companies and allowed  
12 defendants to profit handsomely at the expense of plaintiff and other members of the Class.

13 **Secret Timed Trading at the Expense of Plaintiff and Other Members of the Class**

14 31. "Timing" is an arbitrage strategy involving short-term trading that can be used to  
15 profit from mutual funds' use of "stale" prices to calculate the value of securities held in the  
16 funds' portfolio. These prices are "stale" because they do not necessarily reflect the "fair value"  
17 of such securities as of the time the NAV is calculated. A typical example is a U.S. mutual fund  
18 that holds Japanese securities. Because of the time zone difference, the Japanese market may  
19 close at 2 a.m. New York time. If the U.S. mutual fund manager uses the closing prices of the  
20 Japanese securities in his or her fund to arrive at an NAV at 4 p.m. in New York, he or she is  
21 relying on market information that is fourteen hours old. If there have been positive market  
22 moves during the New York trading day that will cause the Japanese market to rise when it later  
23 opens, the stale Japanese prices will not reflect that increase, and the fund's NAV will be  
24 artificially low. Put another way, the NAV would not reflect the true current market value of the  
25 stocks the fund holds. This and similar strategies are known as "time zone arbitrage."

26 32. A similar type of timing is possible in mutual funds that contain illiquid securities  
27 such as high-yield bonds or small capitalization stocks. Here, the fact that some of the Franklin  
28 Funds' underlying securities may not have traded for hours before the New York closing time

1 can render the fund's NAV stale and thus be susceptible to being timed. This is sometimes  
2 known as "liquidity arbitrage."

3 33. Effective timing captures an arbitrage profit which comes dollar-for-dollar out of  
4 the pockets of the long-term investors: the timer steps in at the last moment and takes part of the  
5 buy-and-hold investors' upside when the market goes up, so the next day's NAV is reduced for  
6 those who are still in the fund. If the timer sells short on bad days -- as the Calugar Defendants  
7 and the John Doe Defendants also did -- the arbitrage has the effect of making the next day's  
8 NAV lower than it would otherwise have been, thus magnifying the losses that investors are  
9 experiencing in a declining market.

10 34. Besides the wealth transfer of arbitrage (called "dilution"), timers also harm their  
11 target funds in a number of other ways. They impose their transaction costs on the long-term  
12 investors. Trades necessitated by timer redemptions can also result in the realization of taxable  
13 capital gains at an undesirable time, or may result in managers having to sell stock into a falling  
14 market.

15 35. It is widely acknowledged that timing inures to the detriment of long-term mutual  
16 fund investors and, because of this detrimental effect, the Prospectuses stated that timing is  
17 monitored and that the Fund Defendants work to prevent it. These statements were materially  
18 false and misleading because, not only did the Fund Defendants allow the Calugar Defendants  
19 and John Doe Defendants to time their trades, but, in the case of the Calugar Defendants, they  
20 also provided a trading platform and financed the timing arbitrage strategy and sought to profit  
21 and did profit from it.

## 22 **Defendants' Fraudulent Scheme**

23 36. On September 3, 2003, New York Attorney General Eliot Spitzer filed a  
24 complaint charging fraud, amongst other violations of law, in connection with the unlawful  
25 practices alleged herein and exposing the fraudulent and manipulative practices charged here  
26 with the particularity that had resulted from a confidential full-scale investigation (the "Spitzer  
27 Complaint"). The Spitzer Complaint alleged, with regard to the misconduct alleged herein, as  
28 follows:

1 Canary engaged in late trading on a daily basis from in or about  
2 March 2000 until this office began its investigation in July of  
3 2003. It targeted dozens of mutual funds and extracted tens of  
4 millions of dollars from them. During the declining market of  
5 2001 and 2002, it used late trading to, in effect, sell mutual fund  
6 shares short. This caused the mutual funds to overpay for their  
7 shares as the market went down, serving to magnify long-term  
8 investors' losses. [ . . . ]

9 [Bank of America] (1) set Canary up with a state-of-the-art  
10 electronic trading platform [ . . . ] (2) gave Canary permission to  
11 time its own mutual fund family, the "Nations Funds", (3)  
12 provided Canary with approximately \$300 million of credit to  
13 finance this late trading and timing, and (4) sold Canary derivative  
14 short positions it needed to time the funds as the market dropped.  
15 In the process, Canary became one of Bank of America's largest  
16 customers. The relationship was mutually beneficial; Canary  
17 made tens of millions through late trading and timing, while the  
18 various parts of the Bank of America that serviced Canary made  
19 millions themselves.

20 37. On September 4, 2003, The Wall Street Journal published a front page story about  
21 the Spitzer Complaint under the headline: "Spitzer Kicks Off Fund Probe With a \$40 Million  
22 Settlement," in which the New York Attorney General compared after-the-close trading to  
23 "being allowed to bet on a horse race after the race was over," and which indicated that the  
24 fraudulent practices enumerated in the Spitzer Complaint were just the tip of the iceberg. In this  
25 regard, the article stated:

26 [ . . . ] "The late trader," he said, "is being allowed into the fund  
27 after it has closed for the day to participate in a profit that would  
28 otherwise have gone completely to the fund's buy-and-hold  
investors."

*In a statement, Mr. Spitzer said "the full extent of this  
complicated fraud is not yet known," but he asserted that "the  
mutual-fund industry operates on a double standard" in which  
certain traders "have been given the opportunity to manipulate  
the system. They make illegal after-hours trades and improperly  
exploit market swings in ways that harm ordinary long-term  
investors."*

For such long-term investors, rapid trading in and out of funds  
raises trading costs and lowers returns; *one study published last*

1                    *year estimated that such strategies cost long-term investors \$5*  
2                    *billion a year.*

3                    The practice of placing late trades, which Mr. Stern was accused of  
4                    at Bank of America, also hurts long-term shareholders because it  
5                    dilutes their gains, allowing latecomers to take advantage of events  
6                    after the markets closed that were likely to raise or lower the  
7                    funds' share price. [Emphasis added.]

8                    38.     On December 23, 2003, the SEC announced that it had filed civil fraud charges  
9                    against SBI and Calugar for their participation in a scheme to defraud mutual fund shareholders  
10                    through improper late trading and market timing and alleged that, from at least 2001 to 2003,  
11                    Calugar, trading through SBI, reaped profits of approximately \$175 million from improper late  
12                    trading (the practice of placing orders to buy or sell mutual fund shares after close of market at  
13                    4:00 p.m. EST, but at the mutual fund's Net Asset Value ("NAV"), or price, determined at the  
14                    market close) and market timing, principally through mutual funds in the Alliance Capital  
15                    Management, LP and Massachusetts Financial Services family of mutual funds.

16                    39.     Based on the SEC's application, United States District Judge Robert Clive Jones  
17                    of the District of Nevada issued a temporary restraining order freezing the assets of the  
18                    defendants, prohibiting the destruction of documents, and granting expedited discovery. The  
19                    SEC applied for the emergency relief after learning that, on December 18, 2003, Calugar had  
20                    transferred \$50 million of proceeds from his scheme out of MFS. This transfer occurred on the  
21                    same day that the SEC instituted an enforcement action against Alliance in connection with  
22                    market timing activity. The SEC's action against Alliance identified Calugar as the largest  
23                    market timer at Alliance.

24                    40.     On February 4, 2004, the Office of the Secretary of the Commonwealth of  
25                    Massachusetts, Securities Division, William Galvin, filed an administrative complaint against the  
26                    Fund Defendants charging them with violating the anti-fraud provision of the Massachusetts  
27                    Uniform Securities Act by agreeing to give the Calugar Defendants \$45 million in market timing  
28                    capacity in Franklin Funds, in direct contravention of the Funds' prospectuses, in exchange for

1 millions of dollars in sticky assets in Franklin hedge funds. Specifically, the Galvin Complaint  
2 alleges as follows:

3 On April 6, 2001, Calugar opened a \$30 million dollar profit  
4 sharing account under the name of his broker-dealer, Security  
5 Brokerage, Inc. Many Franklin employees, including Tom  
6 Johnson, . . . and Post were aware of the account and were also  
7 aware that Calugar was a known market timer.

8 ***T. Johnson states in an e-mail dated April 20, 2001: "the client  
9 [SBI/Calugar] is a b/d that is a timer. My buddy at MFS  
10 informed me the other day that Security Brokerage dumped \$11  
11 million of timing money. They are new to us and MFS. Per  
12 Shannon's internal, they have permission to time. . ."***

13 \* \* \*

14 As T. Johnson points out in an e-mail dated August 9, 2001: "***I  
15 learned from Maria Delucchi-Kahale of Bill Post's area that the  
16 client we are going to allow to time is Dan Calugar of Security  
17 Brokerage in Las Vegas. The same gentleman that was to be  
18 sole participant in the below plan (SBI Profit Sharing Plan) and  
19 previously timed us through his own b/d.***" [Emphasis added.]

20 The market timing arrangement between the Fund Defendants permitted the Calugar  
21 Defendants to make four exchanges in Franklin Funds per month; exempted them from the 2%  
22 redemption fee for market timing trades; and provided them access to technology that prevented  
23 the Franklin market timing desk from detecting their market timing. In particular, the Galvin  
24 Complaint alleges as follows:

25 On August 14, 2001, Calugar thanks Post for the August 13, 2001 presentation regarding  
26 the Franklin hedge funds. In addition Calugar summarizes the discussions between  
27 himself and Post. He writes:

28 I want to confirm that, pursuant to our discussions, we intend to place the  
following new purchases in Franklin Templeton Hedge funds and  
Franklin Templeton Mutual funds:

***DCIP, LP (DCIP) will purchase \$10 million in the Franklin Templeton  
Strategic Growth Fund, LP effective September 1. We will wire the  
funds for this investment on August 20.  
During the balance of 2001, Security Brokerage, Inc. (SBI) will make  
purchases of up to \$45 million in the Franklin Strategic Small Cap  
Growth Fund (FRSGX).***

1 ***These positions will be invested in a market timing approach we***  
2 ***discussed and as described below.*** All positions will be held in the name  
3 of Security Brokerage, Inc. and will be registered as Network Level 3  
4 positions and exchanged through NSCC Fund/SERV. I will e-mail the  
account number for the mutual fund position as soon as the account is set  
up.

5 ***The aggregate number of round trip exchanges between the Small Cap***  
6 ***Growth Fund and the Franklin Money fund made by the market timing***  
7 ***model will not exceed four per month. I recognize that market timing is***  
8 ***a privilege and not a right,*** and should Franklin Templeton at any future  
9 time elect to terminate our exchange privilege for this account (or assess  
10 exchange fees on the account), we will promptly cease all exchange  
activity. As we discussed, should that decision be made, we would  
appreciate your exercising discretion to permit DCIP the option to redeem  
its hedge fund position.

11 ***My intent is that DCIP will keep the hedge fund positions for at least as***  
12 ***long as Security Brokerage is permitted to have the timing allocation in***  
***Franklin Templeton mutual funds.*** [Emphasis added.]

13 41. The Calugar defendants continued to invest significant amounts in Franklin hedge  
14 funds and money market funds in exchange for the right to market time Franklin Funds. For  
15 example, on September 9, 2001, SBI opened an additional account with the Fund Defendants for  
16 the sole purpose of timing the Franklin Small Mid-Cap Growth Fund. The Calugar Defendants'  
17 market timing proposals were well received by the Fund Defendants, as evidenced by the  
18 following e-mail from a Franklin employee at Franklin/Templeton Distributors, Inc. dated  
19 November 5, 2001:

20 ***The moves are for 100% or approx \$20 million. I should have added***  
21 ***that they have been in the Small Mid a total of 5 days – two 2 day trips***  
22 ***and one 1 day trip. Another \$25 million was sent to the money market***  
23 ***account last Friday, and I'll make sure there's no prepaid commission***  
***when it actually exchanges to the Small Mid.*** [Emphasis added.]

24 The Galvin Complaint also described Post's involvement in securing additional market timing  
25 capacity for the Calugar Defendants in other mutual fund families:

26 In April of 2002, Post begins to shop additional timing capacity in other  
27 mutual fund complexes on behalf of Calugar. Post requests new account  
28 documents on behalf of SBI/Calugar from Capital Research and  
Management ("CRM"), the investment adviser to the American Funds.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

\* \* \*

On April 23, 2002, Post sends a letter to Paster, and employee of Capital Guardian Trust Company, an investment adviser affiliate of CRM. Post outlines the investment strategy of Calugar and SBI and asks whether the "proposed trading activities" were "acceptable to the American Funds."

**The Prospectuses, Including the Franklin Income Fund, Franklin Convertible Securities Fund, Mutual Beacon Fund, Franklin Age High Income Fund, Franklin Small Cap Value Fund, Templeton Long-Short Fund, and Mutual Discovery Fund Prospectuses, Were Materially False and Misleading**

42. Plaintiff and each member of the Class were entitled to, and did receive, one of the Prospectuses, each of which contained substantially the same materially false and misleading statements regarding the Franklin Funds' policies on timed trading, and acquired shares pursuant to one or more of the Prospectuses.

43. The Prospectuses falsely stated that the Advisors actively safeguards shareholders from the harmful effects of timing. For example, in language that typically appeared in the Prospectuses, the September 2001 Prospectus for the Franklin Small Mid-Cap Growth Fund stated as follows:

**MARKET TIMERS** *The Aggressive Growth Fund, Large Cap Fund and Small Cap Fund II may restrict or refuse purchases or exchanges by Market Timers. The California Fund and Small Mid-Cap Growth Fund do not allow investment by Market Timers. You may be considered a Market Timer if you have (i) requested an exchange out of any of the Franklin Templeton funds within two weeks of an earlier exchange request out of any fund, or (ii) exchanged shares out of the Franklin Templeton funds more than twice within a rolling 90 day period, or (iii) otherwise seem to follow a market timing pattern that may adversely affect the funds.* Accounts under common ownership or control with an account that is covered by (i), (ii), or (iii) are also subject to these limits.

Anyone, including the shareholder or the shareholder's agent, who is considered to be a Market Timer by the Fund, its managers or shareholder services agent, will be issued a written notice of their status and the Fund's policies. **Identified Market Timers who redeem or exchange their shares of the Fund within 90 days of purchase will be assessed a fee of 2% of redemption proceeds.** This redemption fee does not apply to 401(k) participant accounts, accounts not held individually through Franklin Templeton Investor Services, LLC, and fund under the automatic dividend reinvestment program and the systematic withdrawal

1 program. Some funds do not allow investments by Market Timers. [Emphasis  
2 added.]

3 44. The Prospectuses failed to disclose and misrepresented the following material and  
4 adverse facts which damaged plaintiff and the other members of the Class:

5 a. that defendants had entered into an agreement allowing the Calugar  
6 Defendants and the John Doe Defendants to time their trading of the Franklin Funds shares;

7 b. that, pursuant to that agreement, the Calugar Defendants and other favored  
8 investors regularly timed Franklin Funds shares;

9 c. that, contrary to the express representations in the Prospectuses, the  
10 Franklin Funds enforced their policy against frequent traders selectively, i.e., they did not  
11 enforce it against the Calugar Defendants and the John Doe Defendants and they waived the  
12 redemption fees that these defendants should have been required to pay pursuant to stated  
13 Franklin Funds policies;

14 d. that the Fund Defendants regularly allowed the Calugar Defendants and  
15 other favored investors to engage in trades that were disruptive to the efficient management of  
16 the Franklin Funds and/or increased the Franklin Funds' costs and thereby reduced the Franklin  
17 Funds' actual performance; and

18 e. that the amount of compensation paid by the Franklin Funds to the  
19 Advisors, because of the Franklin Funds' secret agreement with Canary and others, provided  
20 substantial additional undisclosed compensation to the Advisors by the Franklin Funds and their  
21 respective shareholders, including plaintiff and other members of the Class.

22 **Defendants' Scheme and Fraudulent Course of Business**

23 45. Each defendant is liable for (i) making false statements, or for failing to disclose  
24 materially adverse facts in connection with the purchase or sale of shares of the Franklin Funds,  
25 or otherwise, and/or (ii) participating in a scheme to defraud and/or a course of business that  
26 operated as a fraud or deceit on purchasers of the Franklin Funds shares during the Class Period  
27 (the "Wrongful Conduct"). This Wrongful Conduct enabled defendants to profit at the expense  
28 of plaintiff and the other Class members.

1 **Additional Scierter Allegations**

2 46. As alleged herein, defendants acted with scierter in that defendants knew that the  
3 public documents and statements issued or disseminated in the name of the Franklin Funds were  
4 materially false and misleading; knew that such statements or documents would be issued or  
5 disseminated to the investing public; and knowingly and substantially participated or acquiesced  
6 in the issuance or dissemination of such statements or documents as primary violations of the  
7 federal securities laws. Defendants, by virtue of their receipt of information reflecting the true  
8 facts regarding Franklin Funds, their control over, and/or receipt and/or modification of Franklin  
9 Funds' allegedly materially misleading misstatements and/or their associations with the Franklin  
10 Funds which made them privy to confidential proprietary information concerning the Franklin  
11 Funds, participated in the fraudulent scheme alleged herein.

12 47. Additionally, the Fund Defendants and the Fund Individual Defendants were  
13 highly motivated to allow and facilitate the wrongful conduct alleged herein and participated in  
14 and/or had actual knowledge of the fraudulent conduct alleged herein. In exchange for allowing  
15 the unlawful practices alleged herein, the Fund Defendants and Fund Individual Defendants  
16 received, among other things, increased management fees from "sticky assets" and other hidden  
17 compensation paid in the form of inflated interest payments on loans to the Calugar Defendants  
18 and John Doe Defendants.

19 48. The Calugar Defendants and John Doe Defendants were motivated to participate  
20 in the wrongful scheme by the enormous profits they derived thereby. They systematically  
21 pursued the scheme with full knowledge of its consequences to other investors.

22 **VIOLATIONS OF THE SECURITIES ACT**

23 **FIRST CLAIM**

24 **Against The Franklin Funds Registrants For Violations**  
25 **of Section 11 Of The Securities Act**

26 49. Plaintiff repeats and realleges each and every allegation contained above as if  
27 fully set forth herein, except that, for purposes of this claim, plaintiff expressly excludes and  
28

1 disclaims any allegation that could be construed as alleging fraud or intentional or reckless  
2 misconduct and otherwise incorporates the allegations contained above.

3 50. This claim is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. §  
4 77k, on behalf of the plaintiff and other members of the Class against the Franklin Funds  
5 Registrants.

6 51. The Franklin Funds Registrants are the registrants for the fund shares sold to  
7 plaintiff and the other members of the Class and are statutorily liable under Section 11. The  
8 Franklin Funds Registrants issued, caused to be issued and participated in the issuance of the  
9 materially false and misleading written statements and/or omissions of material facts that were  
10 contained in the Prospectuses.

11 52. Plaintiff was provided with the Prospectus of each of the Franklin Income Fund,  
12 Franklin Convertible Securities Fund, Mutual Beacon Fund, Franklin Age High Income Fund,  
13 Franklin Small Cap Value Fund, Templeton Long-Short Fund, and Mutual Discovery Fund  
14 Prospectus and, similarly, prior to purchasing units of each of the other Franklin Funds, all Class  
15 members likewise received the appropriate prospectus. Plaintiff and other Class members  
16 purchased shares of the Franklin Funds pursuant or traceable to the relevant false and misleading  
17 Prospectuses and were damaged thereby.

18 53. As set forth herein, the statements contained in the Prospectuses, when they  
19 became effective, were materially false and misleading for a number of reasons, including that  
20 they stated that it was the practice of the Franklin Funds to monitor and take steps to prevent  
21 timed trading because of its adverse effect on fund investors, and that the trading price was  
22 determined as of 4 p.m. each trading day with respect to all investors when, in fact, the Calugar  
23 Defendants and other select investors (the John Does named as defendants herein) were allowed  
24 to engage in timed trading. The Prospectuses failed to disclose and misrepresented, inter alia, the  
25 following material and adverse facts:

26 a. that defendants had entered into an unlawful agreement allowing the Calugar  
27 Defendants and John Doe Defendants to time its trading of the Franklin Funds shares;

28



1 press releases and other publications are the collective actions of Franklin Resources and the  
2 Advisors.

3 57. The Franklin Funds Registrants are liable under Section 11 of the Securities Act  
4 as set forth herein.

5 58. Each of Franklin Resources and the Advisors were "control persons" of the  
6 Franklin Funds Registrants within the meaning of Section 15 of the Securities Act by virtue of its  
7 position of operational control and/or ownership. At the time plaintiff and other members of the  
8 Class purchased shares of Franklin Funds -- by virtue of their positions of control and authority  
9 over the Franklin Funds Registrants -- Franklin Resources and the Advisors directly and  
10 indirectly, had the power and authority, and exercised the same, to cause the Franklin Funds  
11 Registrants to engage in the wrongful conduct complained of herein. Franklin Resources and the  
12 Advisors issued, caused to be issued, and participated in the issuance of materially false and  
13 misleading statements in the Prospectuses.

14 59. Pursuant to Section 15 of the Securities Act, by reason of the foregoing, Franklin  
15 Resources and the Advisors are liable to plaintiff and the other members of the Class for the  
16 Franklin Funds Registrants' primary violations of Section 11 of the Securities Act.

17 60. By virtue of the foregoing, plaintiff and the other members of the Class are  
18 entitled to damages against Franklin Resources and the Advisors.

19 **VIOLATIONS OF THE EXCHANGE ACT**

20 **APPLICABILITY OF PRESUMPTION OF RELIANCE:  
21 FRAUD ON THE MARKET DOCTRINE**

22 61. At all relevant times, the market for Franklin Funds was an efficient market for  
23 the following reasons, among others:

24 (a) The Franklin Funds met the requirements for listing, and were listed and  
25 actively bought and sold through a highly efficient and automated market;

26 (b) As regulated entities, periodic public reports concerning the Franklin  
27 Funds were regularly filed with the SEC;

28

1 (c) Persons associated with the Franklin Funds regularly communicated with  
2 public investors via established market communication mechanisms, including through regular  
3 disseminations of press releases on the national circuits of major newswire services and through  
4 other wide-ranging public disclosures, such as communications with the financial press and other  
5 similar reporting services; and

6 (d) The Franklin Funds were followed by several securities analysts employed  
7 by major brokerage firms who wrote reports which were distributed to the sales force and certain  
8 clients of their respective brokerage firms. Each of these reports was publicly available and  
9 entered the public marketplace.

10 62. As a result of the foregoing, the market for the Franklin Funds promptly digested  
11 current information regarding Franklin Funds from all publicly available sources and reflected  
12 such information in the respective Franklin Funds NAV. Investors who purchased or otherwise  
13 acquired shares or interests in the Franklin Funds relied on the integrity of the market for such  
14 securities. Under these circumstances, all purchasers of the Franklin Funds during the Class  
15 Period suffered similar injury through their purchase or acquisition of Franklin Funds securities  
16 at distorted prices that did not reflect the risks and costs of the continuing course of conduct  
17 alleged herein, and a presumption of reliance applies.

18 **THIRD CLAIM**

19 **Violation Of Section 10(b) Of**  
20 **The Exchange Act Against And Rule 10b-5**  
21 **Promulgated Thereunder Against All Defendants**

22 63. Plaintiff repeat and reallege each and every allegation contained above as if fully  
23 set forth herein except for Claims brought pursuant to the Securities Act.

24 64. During the Class Period, each of the defendants carried out a plan, scheme and  
25 course of conduct which was intended to and, throughout the Class Period, did deceive the  
26 investing public, including plaintiff and the other Class members, as alleged herein and cause  
27 plaintiff and other members of the Class to purchase Franklin Funds shares or interests at  
28

1 distorted prices and otherwise suffered damages. In furtherance of this unlawful scheme, plan  
2 and course of conduct, defendants, and each of them, took the actions set forth herein.

3 65. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made  
4 untrue statements of material fact and/or omitted to state material facts necessary to make the  
5 statements not misleading; and (iii) engaged in acts, practices, and a course of business which  
6 operated as a fraud and deceit upon the purchasers of the Franklin Funds' securities, including  
7 plaintiff and other members of the Class, in an effort to enrich themselves through undisclosed  
8 manipulative trading tactics by which they wrongfully appropriated Franklin Funds' assets and  
9 otherwise distorted the pricing of their securities in violation of Section 10(b) of the Exchange  
10 Act and Rule 10b-5. All defendants are sued as primary participants in the wrongful and illegal  
11 conduct and scheme charged herein.

12 66. Defendants, individually and in concert, directly and indirectly, by the use, means  
13 or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a  
14 continuous course of conduct to conceal adverse material information about the Franklin Funds'  
15 operations, as specified herein.

16 67. These defendants employed devices, schemes and artifices to defraud and a  
17 course of conduct and scheme as alleged herein to unlawfully manipulate and profit from  
18 secretly timed trading and thereby engaged in transactions, practices and a course of business  
19 which operated as a fraud and deceit upon plaintiff and members of the Class.

20 68. The defendants had actual knowledge of the misrepresentations and omissions of  
21 material facts set forth herein, or acted with reckless disregard for the truth in that they failed to  
22 ascertain and to disclose such facts, even though such facts were available to them. Such  
23 defendants' material misrepresentations and/or omissions were done knowingly or recklessly and  
24 for the purpose and effect of concealing the truth.

25 69. As a result of the dissemination of the materially false and misleading information  
26 and failure to disclose material facts, as set forth above, the market price of the Franklin Funds  
27 securities were distorted during the Class Period such that they did not reflect the risks and costs  
28 of the continuing course of conduct alleged herein. In ignorance of these facts that market prices

1 of the shares were distorted, and relying directly or indirectly on the false and misleading  
2 statements made by the Fund Defendants, or upon the integrity of the market in which the  
3 securities trade, and/or on the absence of material adverse information that was known to or  
4 recklessly disregarded by defendants but not disclosed in public statements by defendants during  
5 the Class Period, plaintiff and the other members of the Class acquired the shares or interests in  
6 the Franklin Funds during the Class Period at distorted prices and were damaged thereby.

7 70. At the time of said misrepresentations and omissions, plaintiff and other members  
8 of the Class were ignorant of their falsity, and believed them to be true. Had plaintiff and the  
9 other members of the Class and the marketplace known of the truth concerning the Franklin  
10 Funds' operations, which were not disclosed by defendants, plaintiff and other members of the  
11 Class would not have purchased or otherwise acquired their shares or, if they had acquired such  
12 shares or other interests during the Class Period, they would not have done so at the distorted  
13 prices which they paid.

14 71. By virtue of the foregoing, defendants have violated Section 10(b) of the  
15 Exchange Act, and Rule 10b-5 promulgated thereunder.

16 72. As a direct and proximate result of defendants' wrongful conduct, plaintiff and  
17 the other members of the Class suffered damages in connection with their respective purchases  
18 and sales of the Franklin Funds shares during the Class Period.

#### 19 **FOURTH CLAIM**

#### 20 **Against Franklin Resources (as a Control Person of the Advisors); the Advisors (as a** 21 **Control Person of Franklin Funds Registrants); and Franklin Funds** 22 **Registrants (as a Control Person of the Franklin Funds and Franklin Hedge Fund)** **For Violations of Section 20(a) of the Exchange Act**

23 73. Plaintiff repeats and realleges each and every allegation contained above as if  
24 fully set forth herein except for Claims brought pursuant to the Securities Act.

25 74. This Claim is brought pursuant to Section 20(a) of the Exchange Act against  
26 Franklin Resources as a control person of the Advisors; the Advisors as a control person of  
27 Franklin Funds Registrants, and Franklin Funds Registrants as a control person of the Franklin  
28 Funds and Franklin Hedge Fund.

1           75. It is appropriate to treat these defendants as a group for pleading purposes and to  
2 presume that the materially false, misleading, and incomplete information conveyed in the  
3 Franklin Funds' public filings, press releases and other publications are the collective actions of  
4 Franklin Resources, the Advisors, Franklin Funds Registrants.

5           76. Each of Franklin Resources, the Advisors, and Franklin Funds Registrants acted  
6 as controlling persons of the Franklin Funds and Franklin Hedge Fund within the meaning of  
7 Section 20(a) of the Exchange Act for the reasons alleged herein. By virtue of their operational  
8 and management control of the Franklin Funds' and Franklin Hedge Fund's respective  
9 businesses and systematic involvement in the fraudulent scheme alleged herein, Franklin  
10 Resources, the Advisors, and Franklin Funds Registrants each had the power to influence and  
11 control and did influence and control, directly or indirectly, the decision-making and actions of  
12 the Franklin Funds and Franklin Hedge Fund, including the content and dissemination of the  
13 various statements which plaintiff contend are false and misleading. Franklin Resources, the  
14 Advisors, and Franklin Funds Registrants had the ability to prevent the issuance of the  
15 statements alleged to be false and misleading or cause such statements to be corrected.

16           77. In particular, each of Franklin Resources, the Advisors, and Franklin Funds  
17 Registrants had direct and supervisory involvement in the operations of the Franklin Funds and  
18 Franklin Hedge Fund, and, therefore, is presumed to have had the power to control or influence  
19 the particular transactions giving rise to the securities violations as alleged herein, and exercised  
20 the same.

21           78. As set forth above, Franklin Resources, the Advisors, and Franklin Funds  
22 Registrants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in  
23 this Complaint. By virtue of their positions as controlling persons, Franklin Resources, the  
24 Advisors, and Franklin Funds Registrants are liable pursuant to Section 20(a) of the Exchange  
25 Act. As a direct and proximate result of defendants' wrongful conduct, plaintiff and other  
26 members of the Class suffered damages in connection with their purchases of Franklin Funds  
27 securities during the Class Period and Franklin Hedge Fund's active participation in the unlawful  
28 scheme alleged herein.



1 Registrants was able to and did: (1) control the content of the Prospectuses; and (2) control the  
2 operations of the Franklin Funds.

3 86. The Advisors had a duty to (1) disseminate accurate and truthful information with  
4 respect to the Franklin Funds; and (2) to truthfully and uniformly act in accordance with its  
5 stated policies and fiduciary responsibilities to plaintiff and members of the Class. The Advisors  
6 participated in the wrongdoing complained of herein in order to prevent plaintiff and other  
7 members of the Class from knowing of the Advisors' breaches of fiduciary duties including: (1)  
8 increasing its profitability at plaintiff' other members of the Class' expense by allowing the  
9 Calugar Defendants and the John Doe Defendants to secretly time the Franklin Funds shares; and  
10 (2) placing its interests ahead of the interests of plaintiff and other members of the Class.

11 87. As a result of the Advisors' multiple breaches of its fiduciary duties owed  
12 plaintiff and other members of the Class, plaintiff and other Class members were damaged.

13 88. Plaintiff and other Class members are entitled to rescind their investment advisory  
14 contracts with the Advisors and recover all fees paid in connection with their enrollment  
15 pursuant to such agreements.

16 **AIDING AND ABETTING BREACH OF FIDUCIARY DUTIES**

17 **SIXTH CLAIM**

18 **Aiding and Abetting Breach of**  
19 **Fiduciary Duties Against the Calugar Defendants**

20 89. Plaintiff repeats and realleges each and every allegation contained above as if  
21 fully set forth herein.

22 90. At all times herein, the directors, officers and employees of the Franklin Funds,  
23 which were entrusted with the management of the assets of plaintiff and other members of the  
24 Class, had fiduciary duties to plaintiff and the other members of the Class.

25 91. The Calugar Defendants knew or should have known that the Advisors' and the  
26 Franklin Funds' directors, officers and employees had these fiduciary duties.



1           D.     Awarding plaintiff and other members of the Class rescission of their contracts  
2 with the Advisors, including recovery of all fees which would otherwise apply, and recovery of  
3 all fees paid to the Advisors pursuant to such agreements;

4           E.     Causing the Fund Defendants to account for wrongfully gotten gains, profits and  
5 compensation and to make restitution of same and disgorge them;

6           F.     Awarding plaintiff and the Class their reasonable costs and expenses incurred in  
7 this action, including counsel fees and expert fees; and

8           G.     Such other and further relief as the Court may deem just and proper.

9     ///

10    ///

11    ///

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

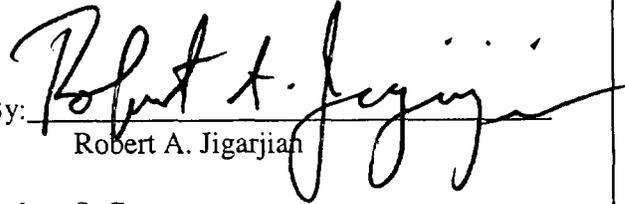
1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

Dated: February 11, 2004

**GREEN & JIGARJIAN LLP**

By:   
Robert A. Jigarjian

Robert S. Green  
235 Pine Street, 15th Floor  
San Francisco, CA 94104  
Telephone: (415) 477-6700  
Facsimile: (415) 477-6710

**MILBERG WEISS BERSHAD  
HYNES & LERACH LLP**

Melvyn I. Weiss  
Steven G. Schulman  
Peter E. Seidman  
Sharon M. Lee  
One Pennsylvania Plaza  
New York, NY 10119-0165  
(212) 594-5300

**LAW OFFICES OF PETER D.  
FISCHBEIN**

Peter D. Fischbein  
777 Terrace Avenue  
Hasbrouck Heights, NJ 07604  
(201) 288-1307

Attorneys for Plaintiff

**CERTIFICATION OF PROPOSED LEAD PLAINTIFF  
PURSUANT TO FEDERAL SECURITIES LAWS**

I, **Freddie Ian Fischbein**, declare the following as to the claims asserted, or to be asserted, under the federal securities laws:

1. I have reviewed the FRANKLIN mutual fund complaint prepared by Milberg Weiss Bernbach Hynes & Lewis LLP, whom I designate as my counsel in this action for all purposes.

2. I did not acquire FRANKLIN Mutual Fund units at the direction of plaintiff's counsel or in order to participate in any private action under the federal securities laws.

3. I am willing to serve as a lead plaintiff either individually or as part of a group. A lead plaintiff is a representative party who acts on behalf of other class members in directing the action, and whose duties may include testifying at deposition and trial.

4. I will not accept any payment for serving as a representative party beyond my pro rata share of any recovery, except reasonable costs and expenses, such as lost wages and travel expenses, directly related to the class representation, as ordered or approved by the court pursuant to law.

5. I have not sought to serve or served as a representative party for a class in an action under the federal securities laws within the past three years,

except Tyco, Case No. 02CV00637; Merrill Lynch, Case No. 02CV05621 *WATSON + MCHAMMAN*  
Case No. 03CV4157  
6. I understand that this is not a claim form, and that my ability to share in any recovery as a member of the class is unaffected by my decision to serve as a representative party.

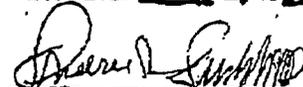
7. Since February 6, 1999, I have made the following transactions in FRANKLIN Mutual Funds, and will provide records of those transactions upon request:

Fund/Ticker	Trade Date	No. of Shares/Units	Price Per Share/Unit	Buy or Sell
See attached Schedule A				

Please use and attach additional pages if necessary.

I declare under penalty of perjury that the foregoing is true and correct

Executed this 11th day of February, 2004

  
Freddie Ian Fischbein on behalf of  
Freddie Ian Fischbein PC  
Unauthorized/related Employee  
Benefit Termination 12/1/04

Schedule A  
Fredric Ian Fischbein  
Franklin Funds

Purchases:

<u>Ticker</u>	<u>Date</u>	<u>Shares</u>	<u>Total</u>	<u>Price</u>
<u>Franklin Income Fund Class A</u>				
FKINX	03/13/02	2,262.4430	5,000.0000	2.2100
FKINX	04/02/02	13.3080	29.4100	2.2099
FKINX	05/02/02	13.2650	29.5800	2.2299
FKINX	05/13/02	11,313.0000	25,001.7300	2.2100
FKINX	06/04/02	80.7440	176.8300	2.1900
FKINX	07/02/02	87.1960	177.8800	2.0400
FKINX	07/23/02	8,021.3900	15,000.0000	1.8700
FKINX	08/02/02	146.7820	283.2900	1.9300
FKINX	09/04/02	144.7720	285.2000	1.9700
FKINX	10/02/02	151.0950	287.0800	1.9000
FKINX	11/04/02	152.1260	289.0400	1.9000
FKINX	11/08/02	13,089.0050	25,000.0000	1.9100
FKINX	12/03/02	89.5860	177.3800	1.9800
FKINX	12/03/02	232.9190	461.1800	1.9800
FKINX	01/06/03	231.5270	465.3700	2.0100
FKINX	02/04/03	236.5560	468.3800	1.9800
FKINX	03/04/03	241.7690	471.4500	1.9500
FKINX	04/02/03	239.6970	474.6000	1.9800
FKINX	05/02/03	229.6680	477.7100	2.0800
FKINX	06/03/03	219.4980	480.7000	2.1900
FKINX	07/02/03	218.8010	483.5500	2.2100
FKINX	08/04/03	225.1850	486.4000	2.1600
FKINX	09/03/03	221.4120	489.3200	2.2100

Franklin Convertible Securites Fund Class A

FISCX	03/13/02	355.8720	5,000.0000	14.0500
FISCX	03/19/02	1.5810	22.2400	14.0670
FISCX	04/16/02	1.6250	22.3400	13.7477
FISCX	05/16/02	1.6240	22.4400	13.8177
FISCX	06/18/02	1.7460	22.5400	12.9095
FISCX	07/16/02	1.9490	22.6500	11.6213
FISCX	08/16/02	2.0170	22.7700	11.2890
FISCX	09/17/02	2.0190	22.9000	11.3422
FISCX	10/16/02	1.7490	18.5700	10.6175
FISCX	12/16/02	3.7350	42.3500	11.3387
FISCX	03/18/03	3.1630	35.9300	11.3595
FISCX	06/17/03	3.8750	51.6200	13.3213
FISCX	09/16/03	4.3450	58.4000	13.4407

**Schedule A**  
**Fredric Ian Fischbein**  
**Franklin Funds**

**Purchases:**

<u>Ticker</u>	<u>Date</u>	<u>Shares</u>	<u>Total</u>	<u>Price</u>
<b><u>Franklin Mutual Beacon Fund Class A</u></b>				
TEBIX	12/18/01	982.0000	12,500.8600	12.7300
TEBIX	06/17/02	2.0090	25.6300	12.7576
TEBIX	06/17/02	6.5030	82.9800	12.7603
TEBIX	06/17/02	2.2080	28.1800	12.7627
TEBIX	12/23/02	11.5070	129.4500	11.2497
TEBIX	06/16/03	7.4140	91.7900	12.3806
<b><u>Franklin AGE High Income Fund Class A</u></b>				
AGEFX	01/08/02	2,590.6740	5,000.0000	1.9300
AGEFX	02/04/02	23.1790	44.0400	1.9000
AGEFX	03/04/02	23.8920	44.4400	1.8600
AGEFX	04/02/02	20.9370	39.5700	1.8900
AGEFX	05/02/02	20.9890	39.8800	1.9000
AGEFX	06/04/02	21.6130	40.2000	1.8600
AGEFX	07/02/02	23.8350	40.5200	1.7000
AGEFX	08/02/02	25.0800	40.8800	1.6300
AGEFX	09/04/02	25.4630	41.2500	1.6200
AGEFX	10/02/02	26.3480	41.6300	1.5800
AGEFX	11/04/02	26.9420	42.0300	1.5600
AGEFX	12/03/02	22.0240	36.7800	1.6700
AGEFX	12/05/02	2,994.0120	5,000.0000	1.6700
AGEFX	01/06/03	45.7710	75.9800	1.6600
AGEFX	02/04/03	45.3140	76.5800	1.6900
AGEFX	03/04/03	38.4120	65.3000	1.7000
AGEFX	04/02/03	37.5540	65.7200	1.7109
AGEFX	05/02/03	35.7460	66.1300	1.7609
AGEFX	06/03/03	38.8070	72.5700	2.0302
AGEFX	07/02/03	38.2410	73.0400	1.8821
AGEFX	08/04/03	38.8890	73.5000	1.9220
AGEFX	09/03/03	38.3210	73.9600	1.9018
<b><u>Franklin Small Cap Value Fund Class A</u></b>				
FRVLX	12/18/01	502.6140	12,500.0000	24.8700
FRVLX	03/13/02	362.0560	10,000.0000	27.6200
FRVLX	03/18/02	0.1120	3.1200	27.8571
FRVLX	03/19/02	0.0800	2.2400	28.0000
<b><u>Templeton Global Long-Short Fund Class A</u></b>				
TLSAX	05/13/02	933.0000	10,001.7600	10.7200

Schedule A  
Fredric Ian Fischbein  
Franklin Funds

Purchases:

<u>Ticker</u>	<u>Date</u>	<u>Shares</u>	<u>Total</u>	<u>Price</u>
<u>Franklin Mutual Discovery Fund Class B</u>				
TEDIX	12/18/01	703.8290	12,500.0000	17.7600
TEDIX	06/17/02	3.0280	55.8100	18.4313
TEDIX	06/17/02	1.5270	28.1500	18.4348
TEDIX	12/23/02	9.6040	154.1400	16.0496
TEDIX	06/16/03	4.2850	75.8900	17.7106

UNITED STATES DISTRICT COURT  
 NORTHERN DISTRICT OF CALIFORNIA

FILED  
 04 FEB 11 PM 3:20  
 RICHARD W. WIEKING  
 CLERK U.S. DISTRICT COURT  
 NORTHERN DISTRICT OF CALIFORNIA

FREDERIC I. FISCHBEIN  
 Plaintiff(s)

E-filing

C 04-00584 JSW

-v-

FRANKLIN AGE HIGH INCOME  
 Defendant(s)

ORDER SETTING INITIAL CASE MANAGEMENT  
 CONFERENCE

IT IS HEREBY ORDERED that this action is assigned to the Honorable Jeffrey S. White. When serving the complaint or notice of removal, the plaintiff or removing defendant must serve on all other parties a copy of this order, the handbook entitled "Dispute Resolution Procedures in the Northern District of California" and all other documents specified in Civil Local Rule 4-2. Counsel must comply with the case schedule listed below unless the Court otherwise orders.

IT IS FURTHER ORDERED that this action is assigned to the Alternative Dispute Resolution (ADR) Multi-Option Program governed by ADR Local Rule 3. Counsel and clients must familiarize themselves with that rule and with the handbook entitled "Dispute Resolution Procedures in the Northern District of California."

CASE SCHEDULE [ADR MULTI-OPTION PROGRAM]

Date	Event	Governing Rule
02/11/2004	Complaint filed	
06/04/2004	Last day to meet and confer re initial disclosures, early settlement, ADR process selection, and discovery plan	FRCivP 26(f) & ADR LR 3-5
06/04/2004	Last day to file Joint ADR Certification with Stipulation to ADR process or Notice of Need for ADR Phone Conference	Civil L.R. 16-8
06/18/2004	Last day to complete initial disclosures or state objection in Rule 26(f) Report, file/serve Case Management Statement, and file/serve Rule 26(f) Report	FRCivP 26(a)(1) Civil L.R.16-9
06/25/2004	Case Management Conference in Courtroom 2, 17th Floor at 1:30 PM	Civil L.R. 16-10