

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Investment Advisers Act of 1940
Release No. 2425 / September 12, 2005

Investment Company Act of 1940
Release No. 27062 / September 12, 2005

Administrative Proceeding
File No. 3-11868

In the Matter of

**PUTNAM INVESTMENT
MANAGEMENT, LLC,**

Respondent.

**ORDER APPROVING A
PLAN OF DISTRIBUTION
OF A FAIR FUND AND APPOINTING A
PLAN ADMINISTRATOR**

On May 19, 2005, the Commission published a “Notice of Proposed Plan for the Distribution of a Fair Fund and Opportunity for Comment” (“Notice”) in connection with this proceeding pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1103. This Notice advised interested parties that they could obtain a copy of a proposed plan of distribution of monies placed into a Fair Fund authorized by the Commission, pursuant to Section 308(a) of the Sarbanes Oxley Act of 2002 (“Distribution Plan”), by submitting a written request to Ari S. Gabinet, District Administrator, Philadelphia District Office. The Notice also advised that all persons desiring to comment on the Distribution Plan could submit their views to the Commission, in writing, no later than June 20, 2005. The staff has received requests for copies of the Distribution Plan.

The Commission received one comment on the Distribution Plan. In summary, the comment notes that the Distribution Plan requires the payment of the money to the mutual funds in the Putnam Fund complex (“Putnam Funds”) rather than to shareholders of the Putnam Funds and questions whether the Distribution Plan addresses persons who owned Putnam Funds during the relevant time period but have since sold them.

At the time that the Commission and Putnam Investment Management, LLC (“Putnam”) entered into the settlement, which is reflected in the Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Order”), Release No. IA-2370

(March 23, 2005), the parties agreed that the disgorgement and penalty amounts paid by Putnam pursuant to the Order would be distributed to the Putnam Funds. Accordingly, the Order directs Putnam to develop a distribution plan that distributes the total disgorgement and penalty ordered fairly and proportionately to the Putnam Funds.

Thus, the Commission finds that the Plan is an appropriate distribution of the disgorgement and penalty amounts paid by Putnam pursuant to the Order. Further, in the Addendum to the Distribution Plan, the Division of Enforcement proposes that Ari S. Gabinet, District Administrator, Philadelphia District Office, be designated as Administrator of the Plan. The Division has requested that the Commission approve the Plan and appoint Ari. S. Gabinet as Administrator of the Plan.

Accordingly, IT IS HEREBY ORDERED, pursuant to Rule 1104 of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1104, that the Distribution Plan is approved.

IT IS FURTHER ORDERED, pursuant to Rule 1105 of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1105, that Ari S. Gabinet is appointed as the Administrator of the Distribution Plan in accordance with the terms of the Addendum to the Distribution Plan.

By the Commission.

Jonathan G. Katz
Secretary