

Statement of Facts

4. Chase should not have terminated me for failing to disclose any investigation by any former employer, Morgan Stanley because at the time there was no investigation and this is supported by the U5 provided by the former employer, Morgan Stanley.

D.G. Account- Unauthorized Activities

7. On June 2, 2008 I was authorized by Dennis Gines to purchase 37,557.864 of Legg Mason Partners in the D.G's cash account. I met with the client 3 times before making the purchase and provided a history of performance of the investment. I explained to the client that the value or NAV would change very little but would change. This is a currency fund that was much more conservative than other money market funds and safer than what Morgan Stanley offered for Auction Rate Securities and ended up being an investment problem. Please speak to the client not Morgan Stanley. I believe the client to be honest and will verify the information regarding the purchase being authorized. I feel that Morgan Stanley has provided false information in the hope of retaining the client with Morgan Stanley. This is also the only investment I was aware of that did not charge the client a fee to buy or sell at any time. It also provided a better return than any other while keeping the money liquid at all times. The client will confirm this is what they wanted.
8. I never transferred any funds including Legg Mason funds to another account. I do know that my assistant had trouble opening the account based on the Gines Construction company documents that were provided by the client and may have needed to open the account differently in order to comply with the documents that the client had provided. Client did not know if they were an LLC or a Corporation.
9. On November 19th, I did sell 38,136.074 shares of Legg Mason, causing a loss for the client D.G. I spoke with the client several times before doing this and the client will confirm this. We spoke about options for how the fund had performed and that it was expected to return but not by the end of the year. I advised the client to sell the fund as I did other clients as well and take advantage of the tax loss. The option remained open that after 30 days or next year to buy it back. I was only doing what I felt was best for the client at all times.

J.J. Account Authorized Activities

10. The client has called and left messages with me confirming that I did what was asked of them and do not feel I have any wrongdoing. I have played this message to the Division of Securities. This was the client's instruction.
11. The client has called and left messages with me confirming that I did what was asked of them and do not feel I have any wrongdoing. I have played this message to the Division of Securities. This was the client's instructions.

12. I never issued a check, or have any knowledge of this statement.
13. I have no knowledge of this statement; I believe that the J.J account was involved in fraud just as my US bank account was compromised. I suspect that someone at Morgan Stanley who had access to all accounts even after I left was using this process to make personal gain for themselves as well as provide a suspect like myself if found out. This also would allow an individual at Morgan Stanley to gain position of the client and all commission from it.
14. I know this was the amount the client requested for MWR for all his IRA accounts. It made more sense to have it taken from the Morgan Stanley account than to have it taken from the clients Annuity that would drop quite a bit in the guaranteed death benefit and the client would not have the opportunity to make it up. Overall it after speaking with the client and client's family it was the best thing to do.
15. I have no knowledge of this statement; I believe that the J.J account was involved in fraud just as my US bank account was compromised. I suspect that someone at Morgan Stanley who had access to all accounts even after I left was using this process to make personal gain for themselves as well as provide a suspect like myself if found out. This also would allow an individual at Morgan Stanley to gain position of the client and all commission from it
16. I have no knowledge of this statement; I believe that the J.J account was involved in fraud just as my US bank account was compromised. I suspect that someone at Morgan Stanley who had access to all accounts even after I left was using this process to make personal gain for themselves as well as provide a suspect like myself if found out. This also would allow an individual at Morgan Stanley to gain position of the client and all commission from it
17. I have no knowledge of this statement; I believe that this account was involved in fraud just as my US bank account was compromised. I suspect that someone at Morgan Stanley who had access to all accounts even after I left was using this process to make personal gain for themselves as well as provide a suspect like myself if found out. This also would allow an individual at Morgan Stanley to gain position of the client and all commission from it
18. I have no knowledge of this statement; I believe that the J.J account was involved in fraud just as my US bank account was compromised. I suspect that someone at Morgan Stanley who had access to all accounts even after I left was using this process to make personal gain for themselves as well as provide a suspect like myself if found out. This also would allow an individual at Morgan Stanley to gain position of the client and all commission from it.
19. I have no knowledge of this statement; I believe that the J.J account was involved in fraud just as my US bank account was compromised. I suspect that someone

CRD 4805348

at Morgan Stanley who had access to all accounts even after I left was using this process to make personal gain for themselves as well as provide a suspect like myself if found out. This also would allow an individual at Morgan Stanley to gain position of the client and all commission from it

I have never met with Brian Barnett and his WIFE at Morgan Stanley. I know that at one time his wife called me to let me know of an error on the check and my assistant took care of sending out the correct checks. I never had access to any client checks.

REQUEST FOR RELIEF

I don't know what to say, I have lost my income, my opportunity to work, all clients have been made whole and my personal checking account that has experienced the fraud has a balance of over -\$80,000. I don't know how to ever correct this more than it has. I have a pregnant wife and two young children with no insurance, no job I am trying to support. I have also been charged with this in court and have pledged my home in order to stay out of jail and provide for my family. I am at the mercy of what you decide.

I would hope that someone would look more into the actions of whom the individual at Morgan Stanly is that is gaining from this. It is not in my character to do something like I am accused of. I know a lot of errors have been made in this investigation including conflicting stories from Morgan Stanley and the Client. The clients support what I have said except I never met with Ms Barnett . I believe Morgan Stanley is bending the truth and coaching the clients to retain them as clients. Please speak with Dennis Gines Directly, Mr Jensen, and Ms Barnett directly. I am sure you will find supporting evidence to what I have told you.

Sincerely

Blaine Davis

[Web](#) [Images](#) [Maps](#) [News](#) [Video](#) [Gmail](#) [more](#) ▼

[Portfolios](#) | [Sign In](#)

MUTF:SMLLX

[Get quotes](#)

[Stock screener](#)

Legg Mason Partners Interm-Term Muni C (MUTF:SMLLX) - [Add to Portfolio](#)

Find more results for [SMLLX](#)

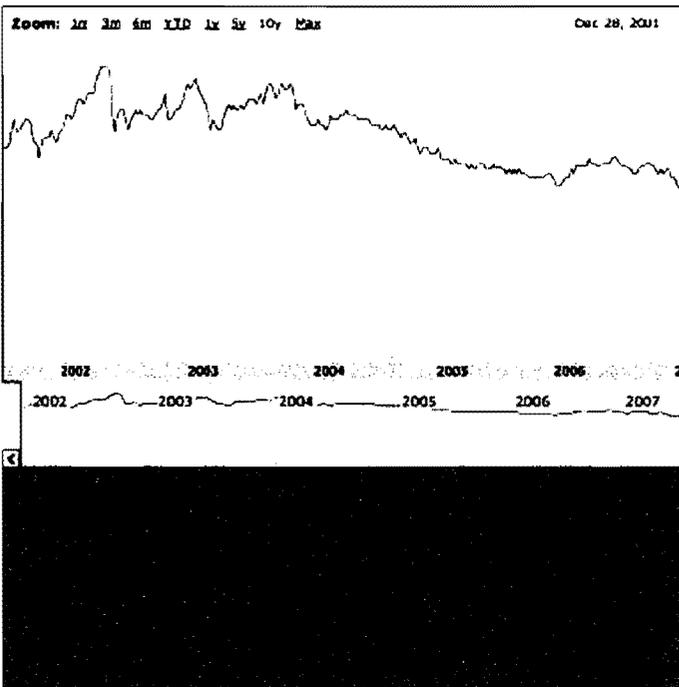
5.97 0.00 (0.00%) Mar 20, 4:00PM EDT

[Compare](#)

[Link to chart](#)

Enter ticker here

[Add](#)



Tip: You can drag the chart.

[Disclaimer](#)

Key Statistics

Total assets	904.77M	Asset Allocation	
Front load	-%	Cash	0.90%
Deferred load	-%	Stocks	0.00%
Expense ratio	1.33%	Bonds	99.10%
Fund family	Legg Mason Partners	Other	0.00%

Overall Morningstar Rating™

★★★★☆

Morningstar category

Muni National Interm

Performance

Returns	Trailing total returns		
Best 3 month return	4.15%	1 day	0.01%
Worst 3 month return	-6.34%	1 week	0.22%
		4 week	-0.72%
		3 month	4.82%
		YTD	3.61%
		1 year	-2.26%
		3 year annualized	1.53%
		5 year annualized	1.35%

Morningstar Statistics

	Morningstar Return	Morningstar Risk	Morningstar Rating
3 year	Average	Below Average	★★★★☆
5 year	Below Average	Low	★★★★☆
10 year	-	-	-
Overall	Below Average	Low	★★★★☆

Top 10 Holdings

	Net Assets
Security	
<u>US Treasury Bond (Fut)</u>	42.45%
<u>New Jersey St Higher Ed Assist Re 5.875%</u>	4.45%
<u>Michigan St Hosp Fin Auth</u>	4.10%

Fund Summary

The investment seeks high income exempt from federal income tax, consistent with prudent investing. The fund normally invests at least 80% of assets in municipal securities, which are debt obligations issued by any of the 50 states and certain other municipal issuers and their political subdivisions, agencies and public authorities. It may invest up to 20% of assets in securities rated below investment-grade.

Management

Asset Manager	Start date
Joseph P. Deane	Feb 28, 1999
Stephen	Jul 20, 2008