

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA

| | | |
|---------------------------------|---|-------------------------------------|
| IN THE MATTER OF: |) | |
| |) | File Numbers 09085 and 10009 |
| E*Trade Securities, LLC, |) | |
| |) | CONSENT ORDER |
| Respondent. |) | |
| <hr/> |) | |

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the "Division"), pursuant to authority granted in the South Carolina Uniform Securities Act, S.C. Code Ann. § 35-1-101 *et. seq.* (Supp. 2010) (the "Act"), initiated investigations into the activities of E*Trade Securities, LLC ("E*Trade" or "Respondent") involving sales of Auction Rate Securities ("ARS") in South Carolina; and

WHEREAS, in connection with its investigations, the Division determined certain registered representatives of the Respondent had engaged in acts or practices constituting violations of the Act, and the Division instituted a proceeding (Complaint in the Matter of E*Trade Securities, LLC; hereinafter "Complaint") for these alleged violations; and

WHEREAS, the Respondent has disputed and continues to dispute and deny the allegations contained in the Complaint and has not admitted any violations of the Act; and

WHEREAS, the Respondent admits the Securities Commissioner of the State of South Carolina (the "Securities Commissioner") has jurisdiction in this matter and desires to bring this matter to conclusion and has agreed, without any admission that there has been any violation of the Act, to the investor protections and remedies set forth below;

NOW, THEREFORE, it is ordered, and Respondent agrees:

- A. The Respondent and all persons under the Respondent's direction or control involved in the offer or sale of securities in or from the State of South Carolina

shall permanently cease and desist from violating S.C. Code of Regulations 13-501 A(3); and

- B. Upon the Securities Commissioner's execution of this Order, the Respondent shall, within ten (10) business days, immediately shall pay two thousand five hundred dollars (\$2,500.00) to the Division as reimbursement of a portion of the Division's investigative costs incurred in connection with the matters above; and
- C. Upon the Commissioner's execution of this Order, the Respondent shall, within ten (10) business days pay a ten thousand dollar (\$10,000) penalty to the Division.

Upon execution by the Securities Commissioner, this Order resolves Administrative Proceedings 09085 and 10009 as they relate to the Respondent. This Order concludes the Division's investigation and any other action that the Division could commence under the Act on behalf of the State of South Carolina or its residents as it relates to Respondent or any of its affiliates and their current or former officers, directors, agents and employees, arising from or relating to the subject of this investigation, as detailed in the Complaint, provided, however that excluded from and not covered by this paragraph are any claims by the Division arising from or relating to enforcement of the order provisions contained herein.

This Order is not intended by the Division to subject any Covered Person (as defined below) to any disqualifications under the laws of the United States, any state, the District of Columbia or Puerto Rico, including, without limitation, any disqualifications from relying upon the state or federal registration exemptions or safe harbor provisions. As used herein, "Covered Person" means Respondent or any of its affiliates and their current or former officers, directors, agents, employees or other persons who would otherwise be disqualified as a result of the Orders (as defined below).

This Order shall not disqualify any Covered Person from any business that they otherwise are qualified, licensed, or permitted to perform under applicable law of the State of

South Carolina, and any disqualifications from relying upon this state's registration exemptions or safe harbor provisions that arise from the Order are hereby waived. In addition, this Order is not intended to form the basis for any such disqualifications.

For any person or entity not a party to this Order, this Order does not create any rights or remedies against Respondent or limit any defenses of or for Respondent to any claims. This Order is issued solely for the purpose of resolving the Administrative Proceeding described herein, Respondent's consent to the Order may not be used for any other purpose, and the findings and conclusions in the Order shall not constitute admissions on the part of Respondent for any purpose whatsoever.

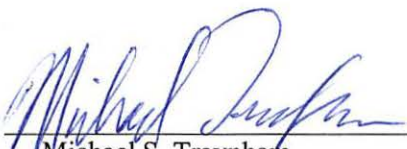
This Order should not be interpreted to waive any (i) criminal cause of action, (ii) private cause of action that may have accrued to investors as a result of Respondent's participation in the security offerings described in the Complaint, or (iii) other causes of action which may result from activities of the Respondent not detailed in the Complaint.

So ORDERED this 25TH day of March, 2011.

By: Alan Wilson
Alan Wilson
Securities Commissioner


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Securities Division of the Office of the Attorney General

By:  Date: 3/25/11
Michael S. Traynham
Assistant Attorney General
Securities Division

I CONSENT:

Respondent E*Trade Securities, LLC

By:  Date: 3/22/2011
Printed Name: James E. Ballowe, Jr.
Title: SVP, General Counsel for Brokerage
E*Trade Financial Corporation

 Date: 3/24/11
David N. Jonson
Counsel for E*Trade Securities, LLC

~~CONFIDENTIAL~~

DATE 2/28/11

2010 Annual Report for Performance
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