

STATE OF NORTH DAKOTA

SECURITIES DEPARTMENT

In the Matter of Piper Jaffray & Co.)

Respondent)

CONSENT ORDER

The North Dakota Securities Commissioner has advised the Respondent, Piper Jaffray & Co., that the Commissioner is prepared to commence formal action pursuant to North Dakota Century Code Chapter 10-04 and has determined as follows:

1. Respondent is a securities broker-dealer headquartered in Minnesota. Respondent is, and for all times relevant to this matter has been, registered as a broker-dealer with the Securities Department.
2. For an unknown but extensive period of time in excess of two years, several of Respondent's North Dakota agents improperly marked a substantial number of trade tickets as "unsolicited" when those transactions were, in fact, solicited. These actions were systemic in nature and involved the accounts of numerous investors.
3. This pattern of improperly marked trade tickets resulted from several causes, including insufficient training of the agents of Respondent and inadequate supervision at the corporate office and the Bismarck branch office.
4. Pursuant to N.D.C.C. § 10-04-10.3(1), a broker-dealer is required to keep certain books and records. The trade tickets discussed above are required to be maintained in accordance with this requirement. Additionally, this section prohibits the creation of any record containing false or misleading information as part of the books and records required to be maintained by a broker-dealer.
5. Pursuant to N.D.C.C. § 10-04-11(1)(m), a broker-dealer is required to properly supervise its agents.
6. The pattern of improperly marked trade tickets violated one or more of the following statutes and regulations: N.D.C.C. § 10-04-10.3(1); N.D.C.C. § 10-04-11(1)(m); and N.D.A.C. § 73-02-09-02(25).
7. Pursuant to N.D.C.C. § 10-04-16(1), when it shall appear to the Commissioner that any person has engaged in, or is engaging in, or is about to engage in any act or practice which is declared illegal in this chapter, the Commissioner may issue any order and collect civil penalties against any person found in an administrative action to have violated any provision of the chapter in an amount not to exceed \$10,000 for each

violation. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against the Respondent pursuant to N.D.C.C. § 10-04-16(1).

8. The number of violations may have been significantly curtailed had investors been more knowledgeable about financial concepts or the procedures relating to the securities industry.

9. Respondent has cooperated in connection with the investigation of the Securities Department.

10. Subsequent to the Securities Department's initial inquiries, Respondent instituted a series of appropriate changes to ensure that trade tickets were properly marked. In addition, since that time Respondent has sold its retail branch network, and it is not anticipated that Respondent will continue to violate the Securities Act in the manner described above.

11. Respondent acknowledges its right to a hearing on this matter and waives its right to a hearing and to present arguments to the Commissioner.

12. Respondent agrees to resolve this matter with the Securities Commissioner by this Consent Order.

13. The following Order is necessary and appropriate in the public interest and for the protection of investors.

NOW, THEREFORE, IT IS ORDERED, THAT:

1. Respondent shall Cease and Desist from engaging in any violations of the North Dakota Securities Act, including, without limitation, improperly marking trade tickets to indicate that the transactions were unsolicited when the transactions were, in fact, solicited.

2. Respondent shall pay a civil penalty of \$129,000, made payable to the North Dakota Securities Department.

3. Respondent shall make a donation of \$100,000, made payable to the North Dakota Investor Education and Technology Fund.

4. In the context of any civil action or arbitration initiated by a North Dakota resident based on securities transactions conducted through one of its North Dakota offices before July 1, 2005, Respondent is specifically precluded from using any trade tickets as evidence that any particular transaction was, in fact, unsolicited. This provision does not preclude Respondent from using trade tickets for another purpose, but it may not assert that a transaction was unsolicited based on the trade tickets. This provision does not preclude the use of other evidence to demonstrate that a specific transaction was, in fact, unsolicited, so long as this other evidence is not derived from the trade tickets.

5. This Consent Order is not intended by the Securities Department to subject the Respondent or any of its affiliates 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.

6. This Consent Order shall not disqualify Respondent or any of its affiliates from any business regulated under the North Dakota Securities Act for which it is otherwise qualified, licensed or permitted to perform.

7. This Order shall be effective upon signature of the Commissioner.

Signed and Sealed this 4th day of December, 2006.





Karen J. Tyler, Securities Commissioner
North Dakota Securities Department
State Capitol-5th Floor
600 East Boulevard Ave.
Bismarck, ND 58505-0510
(701) 328-2910

**STATE OF NORTH DAKOTA
SECURITIES DEPARTMENT**

In the Matter of Piper Jaffray & Co.)	
)	
Respondent)	CONSENT TO
)	ENTRY OF ORDER

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Based on mutual concessions and a willingness to resolve all matters discussed in the foregoing Consent Order, the undersigned person, on behalf of the Respondent, states that:

1. He or she has read the foregoing Consent Order, and knows and fully understand its contents and effects.
2. Respondent has been advised of its right to a hearing with regard to this matter and has specifically waived its right to a hearing.
3. Respondent has been advised that any willful violation of this order is a Class B Felony pursuant to N.D.C.C. § 10-04-18(1) and is punishable by a \$10,000 fine and 10 years' imprisonment, with respect to a natural person, pursuant to N.D.C.C. § 12.1-32-01(3) or by a \$35,000 fine with respect to an organization, pursuant to N.D.C.C. § 12.1-32-01.1(2).
4. The foregoing Consent Order constitutes the entire settlement agreement between Respondent and the Securities Commissioner, there being no other promises or agreements, either expressed or implied.
5. Respondent neither admits nor denies the factual determinations of the Commissioner, as set forth in the foregoing Consent Order.

6. Respondent consents to entry of the foregoing Consent Order by the Securities Commissioner, and does so willingly for the purpose of resolving the issues described in the foregoing Consent Order.

Dated this 27th day of November, 2006.

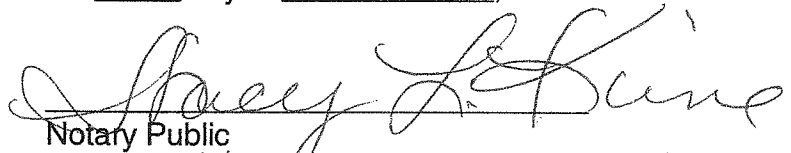
Piper Jaffray & Co.
800 Nicollet Mall, Suite 800
Minneapolis, MN 55402-7020



By: James L. Chosy

Its: General Counsel

Subscribed and Sworn before me this 27th day of November, 2006.



Notary Public

State: MN

County: Hennepin

My Commission Expires: 1-31-07

(Notary Seal)

