

UNITED STATES OF AMERICA
Before the
U.S. SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 67591 / August 2, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-11317

In the Matter of

Putnam Investment Management, LLC,

Respondent.

**ORDER AUTHORIZING THE TRANSFER
OF RESIDUAL FUNDS AND ANY FUTURE
FUNDS RECEIVED BY THE FAIR FUND
TO THE U.S. TREASURY, DISCHARGING
THE FUND ADMINISTRATOR, AND
TERMINATING THE FAIR FUND**

On November 13, 2003, the U.S. Securities and Exchange Commission (“Commission”) issued an Order Making Findings and Imposing Partial Relief, Including a Final Censure, Remedial Undertakings and a Cease and Desist Order (“November 2003 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 against Putnam Investment Management, LLC (“Putnam”). On April 8, 2004, the Commission issued an Order Making Findings and Imposing Supplemental Remedial Sanctions (“April 2004 Order”) pursuant to Section 203(e) of the Investment Advisers Act of 1940 and Section 9(b) of the Investment Company Act of 1940 against Putnam (together with the November 2003 Order, “Putnam Settlement Orders”). The April 2004 Order also required that Putnam retain an Independent Distribution Consultant (“IDC”) to develop a plan to distribute the disgorgement, penalty, and additional payment as part of a Fair Fund to harmed investors to compensate the harmed investors for: (i) their share of losses as calculated by the Independent Assessment Consultant; and (ii) a proportionate share of advisory fees paid by funds that suffered losses during the period of the market timing. The Putnam Settlement Orders directed Putnam to pay \$50 million in civil penalties, \$5 million in disgorgement, plus an additional amount, which was calculated by the Independent Assessment Consultant to be \$42,914,120.

On July 20, 2007, the Commission issued an Order Approving a Modified Distribution Plan (“Modified Plan”) after receiving comments in response to the original Notice of Proposed Distribution Plan. The Modified Plan appointed Putnam Fiduciary Trust Co., Inc. (“PFTC”) as the Fund Administrator and provided for the disbursement of the Fair Fund’s \$97.9 million, plus interest along with \$55.6 million paid in a related action brought by the Commonwealth of Massachusetts.

The Fair Fund, comprised of funds paid to the Commission and the Commonwealth of Massachusetts, plus interest, ultimately distributed \$170,324,147.85 to beneficial owners, including distributions to approximately 1.8 million individual investors.¹ Eighty-six percent of the Fair Fund was distributed, and the average payment to individual investors was approximately \$55. Additionally, fifty-three mutual funds received payments in the residual phase.²

Section VII, Paragraph 55 of the Modified Plan provided that the Fair Fund would be eligible for termination 30 days after the final distribution to investors and when the resolution of uncashed or unclaimed funds occurred and the final accounting by the Fund Administrator was submitted and approved by the Commission. The last check was issued in December of 2011, and no further distributions have been made since then; nor have there been any disputes or reports of uncashed or unclaimed checks.

The Fund Administrator submitted a Final Accounting of the Fair Fund pursuant to Rule 1105(f) of the Commission's Rules on Fair Fund and Disgorgement Plans. The Final Accounting was approved by the Commission. According to the Final Accounting, all liabilities have been satisfied and an amount of \$1,380.84 remains in the Fair Fund.

¹ By a Corrected Order Directing Disbursement of Fair Fund dated August 15, 2008, the Commission authorized a first distribution in the amount of \$33,778,470.39. See Exchange Act Release No. 58369A. By an Order Directing Disbursement of Fair Fund dated December 2, 2008, the Commission authorized a second distribution in the amount of \$46,515,302.38. See Exchange Act Release No. 59041. By an Order Directing Disbursement of Fair Fund dated February 25, 2009, the Commission authorized a third distribution in the amount of \$28,128,811.12. See Exchange Act Release No. 59447. By an Order Directing Disbursement of Fair Fund dated May 28, 2009, the Commission authorized a fourth distribution in the amount of \$4,245,929.44. See Exchange Act Release No. 59994. By an Order Directing Disbursement of Fair Fund dated July 31, 2009, the Commission authorized a fifth distribution in the amount of \$19,354,093.35. See Exchange Act Release No. 60412. By an Order Directing Disbursement of Fair Fund dated December 2, 2009, the Commission authorized a sixth distribution in the amount of \$4,356,590.74. See Exchange Act Release No. 61098. By an Order Directing Disbursement of Fair Fund dated February 2, 2010, the Commission authorized a seventh distribution in the amount of \$4,214,238.67. See Exchange Act Release No. 61463. By an Order Directing Disbursement of Fair Fund dated November 1, 2010, the Commission authorized an eighth distribution in the amount of \$2,641,841.14. See Exchange Act Release No. 63221. By an Order Directing Disbursement of Fair Fund dated March 4, 2011, the Commission authorized a ninth distribution in the amount of \$1,045,492.65. See Exchange Act Release No. 64034. By an Amended Order Directing Disbursement of Fair Fund Residual dated September 1, 2011, the Commission authorized a distribution of residual funds. See Exchange Act Release No. 65243. However, because of an error as to the amount of the residual distribution in the September 1, 2011 Order, the Commission issued an Amended Order Directing Disbursement of Fair Fund Residual dated December 12, 2011, authorizing a distribution of residual funds in the amount of \$46,077,445.85. See Exchange Act Release No. 65243A.

² Id.

ACCORDINGLY, IT IS ORDERED that:

1. The \$1,380.84 balance in the Fair Fund and any future funds received by the Fair Fund shall be transferred to the U.S. Treasury;
2. The Fund Administrator is hereby discharged; and
3. The Fair Fund is terminated.

By the Commission.

Elizabeth M. Murphy
Secretary