



ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

Ernie Fletcher
Governor

LaJuana S. Wilcher
Secretary

Capital Plaza Tower
500 Mero Street, 5th Floor
Frankfort, Kentucky 40601
Phone: (502) 564-5525
Fax: (502) 564-3354
www.eppc.ky.gov

NEWS RELEASE

Contact: Nikki Ploskonka (502) 564-5525

KENTUCKY TO RECEIVE MORE THAN \$300,000 IN WACHOVIA SETTLEMENT *Multi-state enforcement actions settled*

FRANKFORT, Ky. (July 6, 2006) – Kentucky stands to receive more than \$300,000 under terms of a settlement announced today between state securities regulators and Wachovia Capital Markets LLC of Charlotte, North Carolina.

The settlement, including \$122,371 for investor education, results from allegations of potential conflicts of interest between Wachovia Capital Markets' research analysts and investment bankers.

The Kentucky Office of Financial Institutions (OFI) made the announcement following a 28-month investigation of the firm led by state securities regulators from Nebraska, Virginia and North Carolina, with significant assistance from Utah, Alabama, Georgia, Maine, Connecticut and New Jersey.

“Today’s agreement is a major step in our ongoing efforts to help maintain investor confidence by ensuring that all investors are provided with objective research and treated with fairness and honesty,” said OFI Executive Director Cordell Lawrence.

The settlement effectively resolves an investigation of Wachovia Capital Markets, which operates Wachovia Corporation’s institutional brokerage and capital markets businesses. The settlement, the allegations of which were neither admitted nor denied by Wachovia Capital Markets, includes the following charges:

- State investigators determined that Wachovia Capital Markets failed to supervise its employees in connection with potential conflicts of interest between equity research and investment banking;
- Wachovia did not keep certain electronic communications as required by state securities laws.

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The multi-state settlement is related to the April 2003 Global Settlement that 12 other investment banks have reached with state, federal and industry regulators. Under the terms of the settlement, Wachovia Capital Markets will pay a total of \$25 million, including: \$20 million in penalties for failing to supervise its employees in connection with potential conflicts of interest between equity research and investment banking; \$1.65 million in penalties for failing to preserve required books and records; \$3 million to be used for investor education, as designated by the Board of Directors of the North American Securities Administrators Association, Inc. (NASAA); and \$350,000 for costs associated with the investigation, which will be paid to NASAA.

OFI said the investigation of Wachovia Capital Markets is part of a comprehensive regulatory effort to reform the relationship between investment banking and research and to manage appropriately conflicts of interest.

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