

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

MARK D. POGOZELSKI, Individually and  
as Executor of the ESTATE OF RICHARD  
P. POGOZELSKI, On Behalf of Themselves  
and All Others Similarly Situated,

Plaintiffs,

vs.

THE RESERVE FUND, THE PRIMARY  
FUND, RESERVE MANAGEMENT  
COMPANY, INC., RESRV PARTNERS,  
INC., THE RESERVE, SANTA  
ALBICOCCO, RONALD J. ARTINIAN,  
BRUCE R. BENT, BRUCE R. BENT II,  
ARTHUR T. BENT III, WILLIAM E.  
VIKLUND, JOSEPH D. DONNELLY,  
EDWIN EHLERT, JR., WILLIAM J.  
MONTGORIS, FRANK J. STALZER  
and STEPHEN P. ZIENIEWICZ,

Defendants.

x  
Civil Action No.

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

FILED  
U.S. DISTRICT COURT  
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S.D. OF N.Y.

Plaintiffs allege the following upon their personal knowledge as to all matters pertaining to them, and as to all other matters upon information and belief and the investigation of their counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings pertaining to The Reserve Primary Fund (the "Primary Fund") and its affiliates, as well as documents and statements issued by the Fund and its affiliates and public reports, press releases and media reports about the Primary Fund, and believe that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

**NATURE OF THE ACTION**

1. This is a class action on behalf of all those who purchased or held shares of the Primary Fund during the period from September 28, 2007 through and including September 16, 2008 (the "Class Period"), as well as all those who purchased or otherwise acquired shares of the Primary

Fund pursuant or traceable to the Prospectus. This action alleges claims for violations of the federal securities laws, breach of fiduciary duty, breach of contract, and breach of the covenant of good faith and fair dealing, and seeks to recover monetary damages and other relief on behalf of separate classes with respect to certain of these claims, as detailed herein.

2. As detailed herein, shareholders of the Primary Fund and its affiliated funds were damaged when they purchased shares pursuant to misleading statements made in connection with the September 28, 2007 issuance and sale of such shares. Shareholders were also damaged by defendants' false and misleading statements concerning certain material facts about the Primary Fund, including its risk profile, investments and management, and defendants' other misconduct.

3. The Primary Fund "broke the buck" on September 16, 2008, at which point the net asset value ("NAV") of its shares declined below \$1.00 per share – an extremely rare occurrence, happening only once to a relatively small fund during the nearly forty year history of money market funds. An apparent cause of the Primary Fund's decline was its exposure to, and investment in, hundreds of millions of dollars worth of Lehman Brothers Holdings, Inc.'s ("Lehman") highly risky debt securities. In total, the Fund was exposed to \$785 million of these securities – securities that were rendered virtually worthless after Lehman's financial condition deteriorated to the point that it filed for bankruptcy, which had a correspondingly adverse effect upon the Primary Fund's NAV.

4. Contemporaneously with the publication of reports regarding Lehman's impending bankruptcy, numerous shareholders sought to redeem their shares in the Primary Fund in order to withdraw their investments without losing any principal. While defendants permitted handful of institutional investors to redeem their shares at full value (*i.e.*, \$1.00 per share), defendants failed or refused to do so for other investors, forcing them to accept less – in certain cases, 97 cents per share – when the Primary Fund sustained losses as a result of its unreasonable exposure to Lehman's debt securities. Still, other investors were not so "lucky" as either of these two groups of shareholders –

they were prohibited from redeeming any shares as a result of a freeze of redemptions.

5. Moreover, in the wake of these events, allegations surfaced that defendants had tipped off certain investors to the Primary Fund's problems before the Company broke the buck, prompting those investors to quickly redeem approximately \$41 billion of the Primary Fund's \$64 billion under management at full value. In fact, these allegations are front and center in a pending action brought by broker-dealers Ameriprise Financial Services Inc. and Securities America, Inc. in the United States District Court for the District of Minnesota (the "Ameriprise Litigation"), in which they seek to recover millions of dollars in damages as a result of their soured investments and defendants' misconduct. Other shareholders have also commenced actions, both on an individual and class basis, arising out of these events.

6. Accordingly, this action seeks to recover monetary damages on behalf of all shareholders who were injured by defendants' actions during the Class Period.

### **JURISDICTION AND VENUE**

7. This action asserts claims arising under and pursuant to Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 (the "Securities Act"), codified at 15 U.S.C. §§ 77k, 77i and 770, respectively. This action also asserts claims arising under and pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, codified at 15 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, set forth in 17 C.F.R. §240.10b-5. In addition, this action asserts a claim arising under and pursuant to Section 13(a) of the Investment Company Act of 1940 (the "Investment Company Act"), codified at 15 U.S.C. § 80a-13(a), as well as under state law.

8. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331, Section 22 of the Securities Act, Section 27 of the Exchange Act, and Section 44 of the Investment Company Act. This Court has supplemental jurisdiction over the breach of contract and breach of fiduciary duty claims under 28 U.S.C. §1367.

9. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. §1391(b) because the above-named defendants maintain offices and/or are headquartered in this District, and many of the acts alleged herein occurred in substantial part in this District.

10. In connection with the acts alleged in this Complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

### **PARTIES**

11. Plaintiff Mark D. Pogozelski (“Pogozelski”) personally acquired shares of the Fund pursuant to the offering materials addressed herein, and thereafter, and has been damaged thereby. He is the Executor of the Estate of Richard P. Pogozelski (the “Estate”), which is also a plaintiff in this action. On his own behalf, Plaintiff Pogozelski brings all of the claims asserted in this action.

12. Plaintiff Estate acquired shares of the Fund and has been damaged thereby. It brings all of the claims asserted in this action other than those arising under the Securities Act.

13. Defendant Primary Fund is a money market fund that defendants marketed as an alternative to the direct investment of temporary cash balances in short-term instruments. An objective of the Fund is to maintain a NAV of \$1.00 by conservatively managing investors’ funds. The Primary Fund is comprised of the following classes of funds, all of which purportedly have the same objective and conservative investment philosophy:

- Primary Fund Class R
- Primary Fund Investor Class I
- Primary Fund Investor Class II
- Primary Fund Investor Class III
- Primary Fund Class Treasurer’s Trust
- Primary Fund Liquidity Class I
- Primary Fund Liquidity Class II
- Primary Fund Liquidity Class III
- Primary Fund Liquidity Class IV
- Primary Fund Liquidity Class V
- Primary Fund Class Institutional

14. Defendant The Reserve Fund (the “Reserve Fund”) is an open-end management investment company registered under the ICA. The Reserve Fund and its trustees are responsible for ensuring that the Primary Fund and its affiliated funds comply with their stated objectives, which include maintaining a NAV of \$1.00 and engaging in conservative investments in an effort to do so.

15. Defendant Resrv Partners, Inc. (“Resrv”) served as the distributor and principal underwriter with respect to the Primary Fund’s Prospectus and is controlled by its officers and directors who are also Trustees and Officers of the Registrant, as well as officers and directors of the investment advisor to the Primary Fund, defendant Reserve Management Company, Inc. (“RMCI”), including Bruce R. Bent, Bruce R. Bent II, Arthur T. Bent III, Christina Massaro, Patrick J. Farrell and Catherine Crowley. Pursuant to a Distribution Agreement, Resrv was, during the Class Period, the principal underwriter for shares of the Primary Fund and is agent for the purpose of the continuous offering of the Primary Fund’s shares.

16. Defendant RMCI is the Primary Fund’s investment advisor, and, in that capacity, oversees its management and administration and receives a fee for doing so.

17. Defendant The Reserve (“Reserve”) is a privately-held company that describes itself as a leading cash management provider for institutions, banks, brokers, advisors and individual investors. Reserve is the parent company of RMCI, which is its wholly-owned subsidiary.

18. Defendant Bruce R. Bent (“Bent”) is the Chairman of Resrv, President of RMCI, and Chairman, President, Treasurer and Trustee of the Reserve Fund. He is widely credited with having established the first money market mutual fund nearly forty years ago with the founding of the Reserve. According to promotional materials that defendants disseminated, Bent “has actively participated in the management of the company and regularly educates the markets on money funds and his original tenets of safety of principal, daily liquidity and a reasonable rate of return.” Bent signed or authorized the signing of the misleading Registration Statement and Prospectus dated

September 28, 2007 (the “Prospectus”).

19. Defendant Bruce R. Bent II (“Bent II”) was Co-Chief Executive Officer, Senior Vice President and Assistant Treasurer of the Reserved Fund and the Primary Fund and signed the Prospectus, the Statement of Additional Information (“SAI”), dated September 28, 2007, the Certified Shareholder Report of Registered Management Investment Companies filed with the SEC on or about February 8, 2008 and the Certified Shareholder Report for the year end May 31, 2008, filed with the SEC on or about August 8, 2008 (collectively, the “Certified Reports”), both of which comprised part of the Prospectus and Registration Statement. Specifically, the SAI provided that “[t]he Prospectus is incorporated by reference into this SAI and this SAI is incorporated by reference into the Prospectus.” Moreover, the Prospectus incorporated by reference certain other documents, including the SAI, which purportedly “contain[ed] additional and more detailed information about the Funds . . . .”

20. Defendant Arthur T. Bent III (“A Bent”) was Co-Chief Executive Officer, Senior Vice President and Assistant Secretary of the Reserve Fund and the Primary Fund and signed the Prospectus, SAI and Certified Reports.

21. Defendant Patrick J. Farrell (“Farrell”) was, at all relevant times, the Chief Financial Officer of the Reserve Fund and the Primary Fund and signed the Certified Reports.

22. Defendants, William Viklund, Joseph D. Donnelly, Edwin Ehlert, Jr., William J. Montgoris, Frank J. Stalzer, Santa Albicocco, Stephen P. Zieniewicz and Ronald J. Artinian are Trustees of the Reserve Fund and the Primary Fund and signed the Prospectus and SAI.

### **SUBSTANTIVE ALLEGATIONS**

#### **The Prospectus and Other Offering Documents**

23. On or about September 28, 2007, defendants issued the Prospectus, in which they marketed the Primary Fund and its affiliated money market funds “as a convenient alternative to the

direct investment of temporary cash balances in short-term instruments.” Specifically, the Prospectus represented that the funds would invest “in a mix of U.S. dollar-denominated money market securities that are intended to provide as high a yield as possible without violating each Fund’s credit quality and maturity policies or jeopardizing the stability of the share price.”

24. In fact, the Prospectus indicated that the funds’ primary objectives were “to maintain a stable \$1.00 share price” and “to seek as high a level of current income as is consistent with the preservation of capital and liquidity.” To achieve these objectives, defendants represented that they “have established procedures designed to stabilize, to the extent reasonably possible, each Fund’s price per share as computed for the purpose of sales and redemptions at \$1.00.” Moreover, defendants represented in the SAI that these investment objectives are “fundamental” policies that “may not be changed without the vote of a majority of the outstanding shares of the Fund as defined in the Investment Company Act.”

25. The Prospectus also emphasized the safe, conservative and liquid nature of the funds’ investments as compared to other types of investments, noting that “[b]ecause money market funds may only invest in securities with a lower level of risk, over time they may produce lower returns than investments in stocks or bonds, which entail higher levels of risk,” and that “[i]nvestments in money market funds provide greater security and liquidity than other types of investments . . . .” According to the SAI, the Primary Fund could invest in illiquid securities only if they totaled less than 10% of its net assets.

26. In addition, the Prospectus addressed the manner in which the Primary Fund and its affiliates would process shareholder redemption requests, indicating that a shareholder may redeem shares “on each day that the Funds’ NAV is calculated,” and that “[s]hares will be redeemed at the next NAV determined after a proper redemption request . . . is received by a Fund, or by an authorized financial intermediary.” Moreover, according to the Prospectus, “[r]edemption requests

received after the cut-off time for the calculation of a Fund's NAV on any day will be redeemed at the net asset value calculated on the next business day."

27. Further, the Prospectus represented that "[p]roceeds from a redemption request will be transmitted to a shareholder no later than the next business day after the receipt of the redemption request in good order." As the Prospectus noted, the Primary Fund's NAV is calculated as of the cut-off time for accepting purchase orders and redemption requests, designated therein for the Primary Fund as 5:00 p.m. eastern standard time.

### **Defendants' Representations to Shareholders**

28. Aside from the provisions of the Prospectus and other associated documents disseminated in connection with the offering of Primary Fund shares, certain of the defendants periodically reassured prospective and current investors that the Primary Fund and its affiliates were managed more conservatively than other mutual funds. According to a September 30, 2008 article published at the [moneynews.com](http://moneynews.com) website, for example, defendant Bent warned *Bloomberg News* in 2007 that too many funds were being managed like stock and bond funds, not as safe cash havens. "The people who have been managing many of these funds are not money fund managers, not cash managers," Bent said then. But, according to the article, "Bent also claimed that his funds had not gone down that track and were immune to the credit crisis," stating that no money market fund should invest in subprime debt because "it's inappropriate . . . It doesn't have a place in money market funds."

29. In the Certified Reports and other documents relating to the Primary Fund's management and performance, defendants continued to emphasize the safe and conservative nature of the Primary Fund and its affiliated funds. For example, in the introduction to a report dated February 8, 2008, relating to the period ended November 30, 2007, Bent reassured investors that the Primary Fund's investment objectives and management philosophy had not changed and would

enable it to weather the credit crisis unlike other funds:

The current liquidity and mortgage crises have provoked everyone – institutions, corporations and individuals – to question just how safe their cash really is. And it's about time.

The management of a money market fund is counter-cultural to the vast majority of organizations that sponsor or manage virtually all the money funds because these organizations are not specialists in cash management. Rather they manage stock and bond funds, the focus of which is the highest rate of return, not safety of principal, liquidity and soundness of sleep.

When we created the world's first money fund in 1970, we clearly stipulated the tenets that define a money fund: sanctity of principal, immediate liquidity, a reasonable rate of return- all while living under the overarching rubric of boring investors into a sound sleep. Unfortunately, a number of firms that sponsor money funds, and a number of investors that selected them, have lost sight of the purpose of a money fund and the simple rules that guide them in their foolhardy quest for a few extra basis points . . . . The cash entrusted to a money fund is your reserve resource that you expect to be there no matter what . . . . [T]his is your working capital to pay the rent, to finance inventory and receivables, to put food on the table. This is definitely not money to take risks with, and that is exactly how it should be managed.

We have been "accused" by some of asserting these tenets as if they were dogma, to which The Reserve pleads: Guilty as charged. If one focused on the goal of effective cash management, the truths to accomplish it are self evident and unequivocal, and reaching for yield while risking principal, liquidity or peace of mind is not among them.

30. According to an August 4, 2008 promotional release issued by the defendants, Bent once again touted the conservative investment philosophy that the Primary Fund and its affiliates purportedly followed:

“We are seeing an unnecessary crisis of confidence in today’s marketplace. It’s important for investors to be aware of what and with whom they are investing, but at the same time they need to have confidence in the soundness of money market funds,” says Mr. Bent. “The purpose of the money market fund is to provide safety of principal, liquidity and a reasonable rate of return all the while boring investors into a sound sleep.”

31. A few days later, in the introduction to the Primary Fund’s Annual Report dated August 8, 2008, relating to the year ended May 31, 2008, Bent reiterated this message:

Many dangerous Structured Investment Vehicles (SIVs) were folded by their

sponsors which had the effect of taking matches from children that had proved themselves unworthy of the responsibility, underscoring my earlier points that not anyone can run a money fund. One year has passed since the subprime and SIV crisis shook the foundation of our markets, which has investors questioning the safety of their money funds. Good!

We are pleased to report that you, and the markets in general, have embraced the very concept and foundation on which The Reserve was founded, an unwavering discipline focused on protecting your principal, providing daily liquidity and transparency, and all the while boring you into a sound sleep. Experience has prevailed and as a result, The Reserve's assets grew by nearly 100% or 61 billion, over the past year.

32. Defendants also touted their experience in managing money market funds and their emphasis on “safety of principal, daily liquidity, and a reasonable rate of return”:

There is no other company in the world that has managed money market funds longer than The Reserve, the largest investment manager dedicated entirely to cash and money fund management. Since creating the money fund industry in 1971, The Reserve’s Founder and Chairman, Bruce R. Bent, has actively participated in the daily management of the company and regularly educates the markets on money funds and our original tenets of safety of principal, daily liquidity, and a reasonable rate of return.

33. Shortly thereafter, in an August 19, 2008 USA Today article entitled “Money market mutual funds are safe, but not perfect,” Bent continued to assuage investor fears by suggesting that his funds were immune from the risks posed by increasing volatility in the credit markets, while funds managed by “marginal players” were not:

By taking little risk, money market funds have been safe over the years. Just one money market fund allowed its shares to fall below \$1, and that was Community Bankers US Government Fund in 1994. The fund made some bad bets in securities that lost value when interest rates rose. But even then, investors recouped 96 cents on the dollar.

Bruce Bent, chairman of The Reserve and creator of the first money fund, says Community Bankers US Government Fund wasn't a pure money market fund like you or I might invest in. A consortium of community banks created a money fund that was quite small.

Bent also believes the risk facing money funds is smaller now than a year ago. *Money funds are required, he says, to buy debt securities that mature in 13 months or less. That means even if a money fund bought a poor investment when the credit*

*crisis erupted last June, it would be off by the books by now, or would mature soon, he says.*

But Bent does highlight a few things investors need to keep in mind. First, don't assume that all money funds are the same. Some funds have lower returns or lower credit quality than others.

“A lot of money funds lost their way. It upsets me,” he says. “Just follow the rules. Don't get clever.” *Bent says the credit crunch has forced marginal players to clean up their act or sell their accounts to money fund specialty firms.* [Emphasis added.]

34. Based on these and other similar representations, shareholders were lulled into a false sense of security regarding the safety and conservative management of their investments. That all changed when defendants shocked investors by admitting that the Primary Fund was stuck with \$785 million of Lehman's highly risky (and illiquid) debt securities – securities that would .

#### **The Primary Fund Breaks a Buck**

35. On September 16, 2008, defendants issued a press release indicating that the Primary Fund's investment in these securities was worthless – *i.e.*, “valued at zero” – as a result of Lehman's bankruptcy. “As a result,” the release continued, “the NAV of the Primary Fund, effective as of 4:00PM, is \$0.97 per share.” Nevertheless, defendants represented that “[a]ll redemption requests received prior to 3:00PM today will be redeemed at a net asset value of \$1.00 per share.” Defendants also noted that redemption proceeds greater than \$10,000 were frozen for seven days following the *redemption*, although, incredibly, they indicated the Primary Fund would “continue to accept purchase offers.” Lastly, defendants noted that “[e]ffective tomorrow, September 17, 2008, the NAV for the Primary Fund will be calculated once a day at 5:00PM, New York time.”

36. Shortly after defendants made this announcement, the news media picked up the story, reporting that the Primary Fund broke a buck as a result of its investments in Lehman's debt. The first paragraph of a September 17, 2008 *USA Today* article, entitled “Reserve primary money market fund breaks a buck,” sums up these reports: “If you want to know how severe the financial

industry crisis is, here's further proof: The share price of the Reserve Primary fund, a money market mutual fund, has fallen below the sacred \$1 mark, thanks to the Lehman Bros. meltdown.” The article further reported that “[t]he \$64.8 billion fund held \$785 million in short-term IOUs, called commercial paper, issued by Lehman Bros., which filed for bankruptcy protection Monday . . . . The fund’s board has valued the securities at zero, causing the fund’s share price to fall to 97 cents. The fund has also put a seven-day hold on all redemption requests.”

37. On September 18, 2008, defendants issued a press release indicating that the Primary Fund and numerous affiliated money market funds would no longer offer any class of shares for purchase except through dividend reinvestment. Defendants also indicated that they had changed the cutoff times for pricing the funds’ shares each day, and announced that redemption proceeds greater than \$10,000 were frozen for seven days following receipt of a *redemption request*.

38. Then, on September 19, 2008, defendants issued a press release announcing that, on behalf of the Primary Fund and an affiliated fund, they had filed an application with the SEC for an Order “suspend[ing] all rights of redemption from either fund and to postpone the date of payment of redemption proceeds for a period longer than seven days after the tender of shares for redemption.” Defendants indicated that the staff of the SEC advised that it intended to recommend issuance of the requested relief. In addition, defendants purported to justify the extraordinary relief requested based on volatile (and illiquid) market conditions, including Lehman’s bankruptcy filing on September 15, 2008:

The filing of the Application, pursuant to Section 22(e) of the Investment Company Act of 1940, was precipitated by the extraordinary market conditions of the past several days including the filing, on September 15, 2008, by Lehman Brothers Holdings Inc. of a petition for bankruptcy protection. These conditions contributed to unprecedented requests for redemptions for each of these two funds. The Primary Fund, which had approximately \$62 billion in assets under management at the opening of business on September 15, 2008, has received redemption requests this week of approximately \$60 billion. The U.S. Government Fund, which had approximately \$10 billion in assets under management at the opening of business on

September 15, 2008, has received redemption requests this week of approximately \$6 billion. With continued significant illiquidity in the markets, the Funds' investment adviser is unable to dispose of securities to fund redemptions without impairing the net asset value of each fund.

39. Ironically, defendants closed the press release by noting that the Order "is intended to ensure an orderly liquidation of securities in each Fund and that all shareholders in both Funds are protected in the process." In actuality, however, defendants tipped-off certain institutional investors to the problems the Primary Fund was then facing, which opened a window of opportunity for those investors to submit redemption requests ahead of other shareholders.

40. Moreover, in a rush to process the redemption requests and generate proceeds to satisfy the requests, defendants unloaded some of the Primary Fund's most liquid assets. As a result, non-redeeming shareholders – who had not been tipped-off – were unable to have their redemptions processed. Indeed, as defendants admitted in the September 19, 2008 press release quoted above, "[w]ith continued significant illiquidity in the markets, the Funds' investment adviser is unable to dispose of securities to fund redemptions without impairing the net asset value of each fund."

41. This conduct is substantially at issue in the Ameriprise Litigation, in which two institutional investors that were unable to redeem millions of dollars of their shares in the Primary Fund sued certain of the defendants for secretly providing inside information about the Primary Fund's perilous condition to other, more fortunate institutional investors. After those investors were able to exit their investments or contemporaneously therewith, the Primary Fund broke a buck.

42. On September 22, 2008, the SEC granted defendants request and issued an Order temporarily suspending redemptions in the Primary Fund and an affiliated fund "until the markets are liquid to a degree that enables each Fund to liquidate portfolio securities without impairing the[ir] net asset value" or the SEC, on its own initiative, rescinds the Order. Thereafter, defendants failed to post the NAV of the Primary Fund.

43. Then, on September 29, 2008, defendants issued a press release advising shareholders that the Primary Fund would be liquidated and that pro rata distributions would be made to all shareholders, including those who did not make a redemption request. The press release provided, in pertinent part, as follows:

The distribution will aggregate \$20 billion, which represents approximately 32% of the Primary Fund's total assets as of the close of business on September 12, 2008. The distribution will be made to all Investors pro rata in proportion to the number of shares each Investor held as of the close of business on September 15, 2008 (for this purpose, shares tendered for redemption on that date that have not yet been funded are included in determining shares held by an Investor).

Distributions to shareholders that have not submitted redemption orders as of the date of this notice will constitute an involuntary redemption of Fund shares held by those shareholders.

44. On October 9, 2008, defendants issued a press release indicating that they had applied to the Treasury's Temporary Money Market Fund Guarantee Program with respect to the Primary Fund and its affiliated funds. Then, on October 13, 2008, defendants announced in a press release that they would not be able to make the promised \$20 billion distribution to shareholders as previously represented, purportedly because the process "requires that each investor's opening balance in the Primary Fund on September 15th be adjusted to reflect permitted redemption transactions (via check, debit card and ACH), as well as any fund purchases effected through dividend reinvestment." Throughout the rest of October, defendants issued multiple press releases announcing further delays to the promised distributions, and, on October 27, 2008, defendants indicated that they were evaluating the possibility of participating in the Federal Reserve's newly-established Money Market Investor Funding Facility.

45. Then, on October 30, 2008, defendants issued a press release announcing that they had begun making a \$26 billion *pro rata* distribution to shareholders, which represents approximately 50% of the total assets of the Primary Fund as of the close of business on September

15, 2008 as well as 50% of the shareholders' "current account balance[s]." According to defendants, the distribution covers all shareholders remaining in the Primary Fund, including "those who submitted redemption orders that had not been funded." Defendants calculated the shareholders' *pro rata* shares in the following manner:

In calculating each investor's pro rata share, we began with the number of shares each investor held as of the close of business on September 14. The September 14 account balance includes the balance from the end of day September 12 plus the accrued dividends from September 1 through September 14. Then, expressed simply, any funded redemption requests or exchanges were subtracted, any subscriptions from September 15 through September 16 were added, and any service transactions (customer cards, checks and ACH) processed through the last business day before the distribution were calculated.

The resulting number, representing each investor's unfunded shares in the Primary Fund at the close of business, was then divided by the aggregated unfunded shares of all investors (approximately 51 billion shares), to arrive at an ownership percentage, which was used to calculate each investor's pro rata distribution.

46. In addition, \$25 billion remains in the Primary Fund, which defendants intend to distribute in accordance with the terms of a liquidation plan that purportedly contemplates "interim distributions . . . as cash accumulates either through the maturing of portfolio holdings or their sale." Moreover, according to the press release, defendants are considering whether to participate in "a new Money Market Investor Funding Facility program devised by the Federal Reserve Bank that will provide liquidity for certain commercial paper and bank certificates of financial institutions held by money market funds."

47. In a question-and-answer document that defendants prepared for shareholders and posted on the Reserve's website on or about October 30, 2008, defendants reiterated the information contained in the October 30, 2008 press release and further acknowledged that "[o]n September 15, the [Primary] Fund paid out approximately \$11 billion in redemption requests . . . ."

### **CLASS ACTION ALLEGATIONS**

48. This action is brought as a class action pursuant to Federal Rule of Civil Procedure

23(a) and (b)(3), (i) with respect to the Securities Act claims, on behalf of a class of all those who purchased or otherwise acquired shares of the Primary Fund pursuant or traceable to the Prospectus; and (ii) with respect to the Exchange Act and other claims, on behalf of all those who purchased or held shares during the Class Period and were injured thereby. Excluded from either class are defendants, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

49. This action is properly maintainable as a class action because:

(a) The members of the respective classes are so numerous that joinder of all of them is impracticable. The Primary Fund's shares were traded on the NASDAQ. Moreover, there are hundreds, if not thousands, of Primary Fund shareholders who are geographically dispersed throughout the United States.

(b) Questions of law and fact are common to the classes, including, *inter alia*, (i) whether the defendants have committed violations of the federal securities laws; (ii) whether the defendants have committed a breach of contract, breach of fiduciary duty, or breach of the covenant of good faith and fair dealing inherent in the Prospectus and the other contractual documents governing the relationship between the defendants and shareholders; (iii) whether shareholders have been injured as a result of the defendants' actions, and whether and to what extent such injury is compensable in money damages; and (iv) whether this action may proceed as a class action.

(c) Plaintiffs are committed to prosecuting this action and have retained competent counsel experienced in litigation of this nature. Plaintiffs' claims are typical of the claims of the other members of the classes and Plaintiffs have the same interests as such members. Accordingly, Plaintiffs are adequate representatives of the Class and will fairly and adequately protect its interests.

(d) The prosecution of separate actions by individual members of the Class

would create the risk of inconsistent or varying adjudications which would establish incompatible standards of conduct for defendants, or adjudications with respect to individual members of the Class would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

(e) Defendants have acted, or refused to act, on grounds generally applicable and causing injury to Plaintiffs and the Class.

### **FIRST CLAIM**

#### **Violations of Section 11 of the Securities Act Against All Defendants**

50. Plaintiffs incorporate each and every allegation set forth above as if set forth herein. This Claim and the other Securities Act claims are asserted on behalf of the Class only by Plaintiff Pogozelski, who acquired shares of the Primary Fund pursuant or traceable to the Prospectus.

51. The defendants were obligated to ensure that the Prospectus did not contain any materially misleading statements, did not omit to state facts necessary to make the statements made therein not misleading, and did not omit to state material facts required to be stated therein. They failed to do so. For example, the Prospectus contained misrepresentations and omissions of material fact concerning, *inter alia*, (i) the manner in which defendants agreed to conservatively manage the Primary Fund to achieve the Prospectus's stated objectives; (ii) the effect that defendants' purchase of Lehman's risky debt securities could have on the Primary Fund, and an explanation of their failure to liquidate that investment when signs of Lehman's demise were surfacing; (iii) the manner in which defendants purported to calculate the Primary Fund's NAV, as represented in the Prospectus; (iv) the nature and degree of the risks to which the Primary Fund was exposed with respect to its Lehman investment and the volatile financial markets; (v) the degree to which defendants' experience managing mutual funds insulated the Primary Fund from the very risks it faced in the

wake of Lehman's bankruptcy, which risks were realized, causing shareholder losses; (vi) the conservative nature of the Primary Fund's investments; and (vii) the manner in which shareholders could redeem their shares.

52. Specifically, defendants represented that they would conservatively manage the Primary Fund in a manner consistent with its stated objectives to preserve principal and maintain a NAV of \$1.00 per share, when, in fact, they exposed the Primary Fund to Lehman's highly risky debt securities and failed to mitigate this exposure to prevent the NAV from declining below \$1.00 per share. Moreover, defendants downplayed and misrepresented the risks facing the Primary Fund by misleading shareholders to believe that the Primary Fund was sufficiently insulated from the volatile credit markets based on defendants' management experience, understanding of the market and conservative investment philosophy. Defendants also represented that they would calculate the Primary Fund's NAV in a manner consistent with the method set forth in the Prospectus, when they impermissibly altered that method. Likewise, defendants unilaterally changed the means by which shareholders could redeem their shares, used inside information to favor a select handful of institutional investors, and facilitated redemptions from those investors when it became apparent to defendants that the Primary Fund's NAV was in danger of falling below \$1.00.

53. The material omissions and misrepresentations alleged herein constitute violations of Section 11 of the Securities Act.

54. Moreover, the defendants, by virtue of their executive positions and/or involvement in the preparation and dissemination of the Prospectus, cannot avoid liability on this Count. For example, the Reserve Fund was the registrant for the offering and thus is strictly liable for issuing the materially misleading Prospectus. In addition, certain of the defendants signed the Prospectus and other associated documents, and thus are also strictly liable for the issuance and dissemination of the materially misleading statement at issue. Further, defendants unreasonably failed to ensure that

the Prospectus did not contain material misrepresentations and omissions, either through a reasonable investigation of its contents or otherwise.

55. At the time of their purchases of the Primary Fund's shares, Plaintiff Pogozelski and the other members of the Class were unaware of the material deficiencies contained in the Prospectus and could not have discovered such deficiencies through the exercise of reasonable care.

56. As of the date of the filing of this Complaint, less than one year has elapsed from the time that Plaintiff Pogozelski discovered or reasonably could have discovered the facts upon which this Count is based. In addition, less than three years elapsed between the time that the shares upon which this Count is brought were offered to the public and the time that Plaintiff Pogozelski filed this Complaint.

57. Plaintiff Pogozelski and the other members of the Class have been harmed by defendants' issuance of the materially misleading Prospectus.

### **SECOND CLAIM**

#### **Violations of Section 12(a)(2) of the Securities Act Against the Primary Fund, the Reserve Fund, Reserv and the Individual Defendants**

58. Plaintiffs incorporate each and every allegation set forth above as if set forth herein. This Claim and the other Securities Act claims are asserted on behalf of the Class only by Plaintiff Pogozelski, who acquired shares of the Primary Fund pursuant or traceable to the Prospectus.

59. The defendants named in this Count offered or sold shares of the Primary Fund, and solicited purchasers of its shares. Such solicitation consisted of, *inter alia*, participating in the preparation of the Prospectus and preparing and issuing public statements concerning the Primary Fund with the objective of promoting the sale of the Primary Fund's shares.

60. As alleged above, the Prospectus contained untrue statements of material facts, omitted to state other facts necessary to make the statements made therein not misleading, and

omitted to state material facts required to be stated therein.

61. Defendants owed purchasers of the Primary Fund's shares to ensure that the statements contained in the Prospectus were complete, accurate and otherwise non-misleading. Had defendants discharged this duty, they would have discovered that the statements contained in the Prospectus were incomplete, inaccurate and otherwise misleading.

62. The conduct alleged herein constitutes a violation of Section 12(a)(2) of the Securities Act.

63. Plaintiff Pogozelski offers to tender to defendants the shares that he and the other Class members own, on behalf of all members of the Class who continue to own such shares, in return for the consideration paid for the shares together with interest thereon. Class members who have sold their Primary Fund shares are entitled to rescissory damages.

### **THIRD CLAIM**

#### **Violations of Section 15 of the Securities Act Against Reserve and the Individual Defendants**

64. Plaintiffs incorporate each and every allegation set forth above as if set forth herein. This Claim and the other Securities Act claims are asserted on behalf of the Class only by Plaintiff Pogozelski, who acquired shares of the Primary Fund pursuant or traceable to the Prospectus.

65. As alleged herein, certain of the defendants committed primary violations of the Securities Act by disseminating misleading or inaccurate information to investors in connection with the sale or issuance of shares of the Primary Fund.

66. The defendants named in this Claim had responsibility for managing and overseeing the Primary Fund's investments, and are or were substantial investors in the Primary Fund or its affiliated entities. These defendants include trustees of the Primary Fund and its affiliates, as well as individuals and entities who were charged with the responsibility of ensuring that the Primary Fund

was managed in accordance with its stated objectives and conservative management philosophies. As such, these defendants had the ability to actively influence and control the conduct giving rise to the Securities Act violations alleged herein, and they did so.

67. Accordingly, the defendants named in this Claim are liable under Section 15 of the Securities Act.

#### **FOURTH CLAIM**

##### **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Against the Primary Fund, the Reserve, Bent, Bent II, A Bent and Farrell**

68. Plaintiffs incorporate each and every allegation set forth above as if set forth herein.

69. The defendants named in this Claim knew or, in the exercise of reasonable discretion and investigation, should have known, that the statements referenced above were false and/or misleading when made. Defendants, by virtue of their receipt of and access to information reflecting the true facts regarding the Primary Fund, their control over, and/or receipt and/or modification of the Primary Fund's allegedly materially misleading misstatements, and/or their associations with the Primary Fund which made them privy to confidential proprietary information, participated in the fraudulent scheme alleged herein. As such, defendants acted with scienter in that they knew that the public documents and statements issued or disseminated with regard to the Primary Fund were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws.

70. Moreover, the statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded herein. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when

made,. To the extent there were any forward-looking statements, those statements were not accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer or trustee of the Primary Fund who knew that those statements were false when made.

71. Further, defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated the value of the Primary Fund's shares and operated as a fraud or deceit on purchasers of such shares. When the truth emerged regarding the Primary Fund's investments, and it was revealed that the Primary Fund could not dispose of hundreds of millions of dollars of Lehman's highly illiquid and risky debt securities, the NAV of the Primary Fund's shares declined below \$1.00.

72. Defendants' conduct induced investors to purchase the Primary Fund's shares at artificially inflated prices, and prevented certain members of the Class from redeeming their shares at a NAV of \$1.00. Accordingly, defendants named in this Claim are liable under Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

#### **FIFTH CLAIM**

#### **Violations of Section 20(a) of the Exchange Act Against the Individual Defendants, the Primary Fund, the Reserve Fund and the Reserve**

73. Plaintiffs incorporate each and every allegation set forth above as if set forth herein.

74. As alleged herein, certain of the defendants committed primary violations of the

Exchange Act by knowingly and/or recklessly making materially false and misleading statements to investors in connection with the purchase or sale of the Primary Fund's shares.

75. The defendants named in this Claim had responsibility for managing and overseeing the Primary Fund's investments, and are or were substantial investors in the Primary Fund or its affiliated entities. These defendants include trustees of the Primary Fund and its affiliates, as well as individuals and entities who were charged with the responsibility of ensuring that the Primary Fund was managed in accordance with its stated objectives and conservative management philosophies. As such, these defendants had the ability to actively influence and control the conduct giving rise to the Exchange Act violations alleged herein, and they did so.

76. Accordingly, these defendants are "controlling persons" under Section 20 of the Exchange Act and are liable in damages for the harm that Plaintiffs and the Class sustained as a result of the improprieties alleged herein.

#### **SIXTH CLAIM**

##### **Violations of Section 13(a) of the ICA Against All Defendants**

77. Plaintiffs incorporate each and every allegation set forth above as if set forth herein.

78. A primary objective of the Primary Fund was to consistently maintain a NAV of \$1.00 per share without any loss to principal, in furtherance of securing conservative returns.

79. Defendants departed from the Primary Fund's stated investment objective and management philosophy without first obtaining the shareholders' consent and approval to do so.

80. Plaintiffs and the Class have been harmed as a result of defendants' conduct.

#### **SEVENTH CLAIM**

##### **Breach of Contract Against All Defendants**

81. Plaintiffs incorporate each and every allegation set forth above as if set forth herein.

82. The Prospectus contractually governs the terms of the relationship between Plaintiffs,

as well as the other members of the Class, and defendants. For example, the Prospectus sets forth the manner in which the NAV of the Primary Fund's shares are calculated and establishes the protocol by which shareholders may redeem their shares. The Prospectus also prescribes the manner in which shareholders' investments in the Primary Fund are managed, and expressly requires defendants to manage such investments in a conservative fashion with a primary objective of preserving principal and maintaining a NAV of \$1.00 per share.

83. Defendants breached the terms of the Prospectus in at least the following ways:

(a) They failed to properly manage the Primary Fund in accordance with the Prospectus's conservative management mandate or its objective of maintaining a NAV of \$1.00 per share.

(b) They failed to properly calculate the NAV in accordance with the terms of the Prospectus following Lehman's bankruptcy. Indeed, on September 15, 2008, defendants should have properly recalculated the NAV to take into account any adverse effect that Lehman's bankruptcy had on the securities that the Primary Fund held, but they failed to do so.

(c) They failed to properly value, accept and process shareholder redemptions pursuant to the Prospectus's terms, and, in fact, froze redemptions for certain shareholders while permitting others to redeem shares. In addition, on September 16, 2008, defendants ascribed a NAV of \$1.00 for redemption requests submitted prior to 3:00 p.m., which failed to take into account the actual NAV (or value) of the shares.

(d) They improperly tipped off certain institutional investors about problems with the Primary Fund before the issues were widely known, and facilitated redemptions for those investors to the exclusion of all others. Moreover, defendants reportedly sold-off some of the Primary Fund's more liquid securities to satisfy redemption requests from the tipped-off investors, leaving the Primary Fund with less liquid securities that defendants could not as easily sell in order

to meet the enormous redemption requests they received from non-tipped-off shareholders in the wake of Lehman's bankruptcy. In fact, some investors have alleged that tipped-off institutional investors purported to redeem as much as approximately \$41 billion of the Primary Fund's \$64 billion under management at a redemption price of \$1 per share.

84. Defendants could have adequately complied with their contractual obligations under the Prospectus but failed to do so. In contrast, Plaintiffs and the other members of the Class did not breach any of the terms of the Prospectus.

85. Plaintiffs and the Class have been harmed as a result of defendants' breaches of the terms of the Prospectus and will continue to sustain harm if such breaches continue.

#### **EIGHTH CLAIM**

##### **Breach of the Covenant of Good Faith and Fair Dealing Against All Defendants**

86. Plaintiffs incorporate each and every allegation set forth above as if set forth herein.

87. Inherent in the Prospectus is an implied covenant of good faith and fair dealing which requires defendants to perform their contractual obligations in good faith and treat the Primary Fund's shareholders fairly and equitably.

88. Defendants failed to properly discharge these duties when they engaged in the misconduct described herein, including tipping off a select cross-section of shareholders with inside information regarding the health of the Primary Fund, to the exclusion of all other shareholders.

89. Plaintiffs and the Class have been harmed as a result of defendants' failure to act in accordance with the covenant of good faith and fair dealing inherent in the Prospectus and will continue to sustain harm if such breaches continue.

#### **NINTH CLAIM**

##### **Breach of Fiduciary Duty Against All Defendants**

90. Plaintiffs incorporate each and every allegation set forth above as if set forth herein.

91. As alleged above, the defendants include trustees of the Primary Fund and its affiliates, as well as individuals and entities who were charged with the responsibility of ensuring that the Primary Fund was managed in accordance with its stated objectives and conservative management philosophies. In addition, certain of the defendants exercised control over other of the defendants who directly managed the Primary Fund, placing them in a position akin to that of a trustee or manager.

92. In connection with their responsibilities in managing and overseeing the Primary Fund, defendants owed fiduciary duties of loyalty, fair dealing, good faith, due care and candor to the Primary Fund's shareholders. These duties required the defendants to, *inter alia*, (i) set aside their own interests in favor of the shareholders' interests and treat all shareholders alike; (ii) perform their contractual obligations and discharge their fiduciary duties fully and in good faith; (iii) adequately familiarize themselves potential and actual issues facing the Primary Fund, and take prompt action to prevent a loss of principal or failure to meet investment objectives; (iv) familiarize themselves with the value of the Primary Fund and the calculation and preservation of its NAV; and (v) fairly and fully disclose all material information to shareholders.

93. Defendants failed to discharge these fiduciary duties in managing the Primary Fund. For example, as noted above, defendants failed to properly manage shareholders' investments, value or process redemptions, or calculate or value the NAV of the shares. They also failed to treat all shareholders alike, disclose all material information to shareholders, and place the shareholders' interests above their self-interests.

94. Plaintiffs and the Class have been harmed as a result of defendants' breaches of fiduciary duty and will continue to sustain harm if such breaches continue.

**WHEREFORE**, Plaintiffs pray for judgment and relief as follows:


- A. Declaring that this action is properly maintainable as a class action, designating Plaintiffs as Class Representatives and certifying Plaintiffs' counsel as Class Counsel;
- B. Awarding compensatory damages to Plaintiffs and the Class against all defendants, jointly and severally, for all damages sustained as a result of defendants' misconduct, in an amount to be proven at trial, including interest thereon;
- C. Awarding rescission or, where appropriate, a rescissory measure of damages;
- D. Imposing a constructive trust, in favor of Plaintiffs and the Class, upon any benefits improperly received by defendants as a result of their wrongful conduct;
- E. Awarding Plaintiffs the costs of this action, including a reasonable allowance for attorneys' and experts' fees; and
- F. Granting such other and further relief as this Court deems just and proper.

**JURY TRIAL DEMAND**

Plaintiffs hereby demand a trial by jury on all issues so triable.

Dated: November 7, 2008

**RIGRODSKY & LONG, P.A.**

By:   
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*Attorneys for Plaintiff*

**CERTIFICATION OF PLAINTIFF  
PURSUANT TO FEDERAL SECURITIES LAWS**

Plaintiff Mark D. Pogozeleski ("Plaintiff") declares:

1. Plaintiff did not acquire the security that is the subject of this action at the direction of plaintiff's counsel or to participate in this action or any other litigation under the federal securities laws.

2. Plaintiff is willing to serve as a representative party on behalf of the Class, including providing testimony at deposition or trial, if necessary.

3. Plaintiff has made the following transaction(s) in the securities at issue in this action:

<u>Security</u>	<u>Transaction</u>	<u>Date</u>	<u>Price Per Share</u>
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*See Attached Schedule A*

4. Plaintiff has full power and authority to bring suit to recover its investment losses.

5. Plaintiff has fully reviewed the facts and allegations of the complaint filed in this action and has authorized the filing of the motion for appointment of lead plaintiff on its behalf in this action..

6. Plaintiff will actively monitor and vigorously pursue this action for the Class's benefit.

7. Plaintiff has not sought to serve or served as a representative party for a class in an action filed under the federal securities laws except as detailed below during the three years prior to the date of this Certification:      NONE

8. Plaintiff will not accept any payment for serving as a representative party on behalf of the Class beyond Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class as the Court orders or approves.

I declare under the penalty of perjury that the foregoing is true and correct.

Executed this 6 day of November, 2008.

By: Mark Pogozeleski  
Mark D. Pogozeleski

**SCHEDULE A**  
**SECURITIES TRANSACTIONS**

**A. Acquisitions**

	<u>Date Acquired</u>		<u>Dollar Amount Acquired</u>
	9/28/07		10.06
	10/26/07		10.07
	11/30/07		12.06
	12/31/07		9.94
	1/25/08		8.85
	2/29/08		9.60
	3/27/08		60,000
	3/28/08		23.33
	5/8/08		140,000
	5/30/08		349.41
	6/27/08		313.89
	7/25/08		307.23
	8/29/08		393.21
	9/3/08		150,000

**B. Sales**

	<u>Date Sold</u>		<u>Dollar Amount Sold</u>
	9/12/08		250,000
	9/18/08		120,168.42

**CERTIFICATION OF PLAINTIFF  
PURSUANT TO FEDERAL SECURITIES LAWS**

Plaintiff Estate of Richard P. Pogozeleski ("Plaintiff"), through its Executor, Mark D. Pogozeleski, declares:

1. Plaintiff did not acquire the security that is the subject of this action at the direction of plaintiff's counsel or to participate in this action or any other litigation under the federal securities laws.

2. Plaintiff is willing to serve as a representative party on behalf of the Class, including providing testimony at deposition or trial, if necessary.

3. Plaintiff has made the following transaction(s) in the securities at issue in this action:

<u>Security</u>	<u>Transaction</u>	<u>Date</u>	<u>Price Per Share</u>
-----------------	--------------------	-------------	------------------------

*See Attached Schedule A*

4. Plaintiff has full power and authority to bring suit to recover its investment losses.

5. Plaintiff has fully reviewed the facts and allegations of the complaint filed in this action and has authorized the filing of the motion for appointment of lead plaintiff on its behalf in this action.

6. Plaintiff will actively monitor and vigorously pursue this action for the Class's benefit.

7. Plaintiff has not sought to serve or served as a representative party for a class in an action filed under the federal securities laws except as detailed below during the three years prior to the date of this Certification:       **NONE**

8. Plaintiff will not accept any payment for serving as a representative party on behalf of the Class beyond Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class as the Court orders or approves.

I declare under the penalty of perjury that the foregoing is true and correct.

Executed this 12 day of November, 2008.

By: Mark Pogozeleski  
Mark D. Pogozeleski, Executor, on behalf of the  
Estate of Richard P. Pogozeleski

**SCHEDULE A**  
**SECURITIES TRANSACTIONS**

**A. Acquisitions**

	<u>Date Acquired</u>	<u>Dollar Amount Acquired</u>
	9/28/07	53.41
	10/1/07	403.42
	10/9/07	91,330.43
	10/15/07	293.42
	10/26/07	7.24
	10/26/07	20,622.76
	11/2/07	120,944.90
	11/5/07	96,173.31
	11/19/07	322.77
	12/3/07	34,349.71
	12/10/07	207.53
	12/11/07	82,044.36
	12/31/07	104.23
	12/31/07	355.27
	1/7/08	214.45
	1/11/08	1,788.53
	1/25/08	82.29
	1/30/08	50,560.82
	2/4/08	32,007.61
	2/5/08	96,149.89
	2/11/08	90,343.97
	2/12/08	90,378.74
	2/26/08	1,581.42
	2/29/08	259.60
	2/29/08	1,468.60
	3/3/08	95,000
	3/4/08	192,238.61
	3/13/08	91,020.95
	3/14/08	96,464.43
	3/28/08	268.99
	3/31/08	233.99
	4/8/08	741.24
	4/14/08	91,009.73
	4/25/08	103.75
	4/30/08	1,554.50
	5/1/08	145,000
	5/2/08	95,819.86
	5/6/08	717.33
	5/7/08	95,843.29
	5/14/08	90,665.75
	5/16/08	188,433.95
	5/28/08	190,999.71
	5/30/08	477.42
	5/30/08	95,749.59

6/6/08	190,520.42
6/27/08	1,165.94
7/24/08	232,056.18
7/25/08	1,231.05
8/29/08	1,814.43

**B.    Sales**

	<u>Date Sold</u>	<u>Dollar Amount Sold</u>
	10/10/07	88,840.48
	10/24/07	19,388.24
	10/31/07	20,630
	11/7/07	95,000
	11/9/07	90,000
	11/13/07	3,521.54
	11/29/07	94,596.58
	11/30/07	30,949.57
	12/12/07	90,000
	1/31/08	79,707.19
	2/6/08	95,000
	2/13/08	90,000
	2/15/08	114,197.27
	2/27/08	95,000
	3/5/08	270,000
	3/26/08	180,000
	4/10/08	40,000
	5/7/08	420,000
	8/27/08	185,000
	8/28/08	95,000
	8/29/08	190,000
	9/2/08	450,000
	9/3/08	60,000
	9/18/08	101,424.66