UNITED STATES OF AMERICA
before the
SECURITIES AND EXHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 7844 / April 6, 2000

SECURITIES EXCHANGE ACT OF 1934
Release No. 42644 / April 6, 2000

INVESTMENT ADVISERS ACT OF 1940
Release No. 1863 / April 6, 2000

ADMINISTRATIVE PROCEEDING
File No. 3-10182

In the Matter of RAUSCHER PIERCE REFSNES, INC., DAIN RAUSCHER INCORPORATED and JAMES R. FELTHAM, Respondents.

ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS, MAKING FINDINGS, IMPOSING REMEDIAL SANCTIONS AND CEASE-AND-DESIST ORDER

I.

The Commission deems it appropriate and in the public interest that public administrative proceedings be, and they hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), Sections 15(b)(4) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") and Sections 203(e) and (k) of the Investment Advisers Act of 1940 ("Advisers Act") against Rauscher Pierce Refsnes, Inc. ("Rauscher") and Dain Rauscher Incorporated ("Dain Rauscher") and pursuant to Section 8A of the Securities Act and Section 203(k) of the Advisers Act against James R. Feltham ("Feltham").

In anticipation of the institution of these proceedings, Dain Rauscher and Feltham have submitted offers of settlement, which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceeding brought by or on behalf of the Commission or in which the Commission is a party, and prior to a hearing pursuant to the Commission's Rules of Practice, 17 C.F.R. 201.100, et seq., Dain Rauscher and Feltham, without admitting or denying the findings contained herein, except that they admit to the jurisdiction of the Commission over them and over the subject matter of these proceedings, consent to the entry of the findings, the issuance of the cease-and-desist orders, and the imposition of the remedial sanctions set forth below.

II.

Based on the foregoing, the Commission finds as follows:

A. Respondents

At all relevant times, Rauscher Pierce Refsnes, Inc. was a Delaware corporation with its principal place of business in Dallas, Texas. At all relevant times, Rauscher was registered with the Commission as a broker-dealer pursuant to Section 15(b) of the Exchange Act, and as an investment adviser pursuant to Section 203(c) of the Advisers Act. At all relevant times, Rauscher's Phoenix, Arizona office had primary responsibility for the municipal finance transaction in which Rauscher's client, the Department of Administration of the State of Arizona (the "DOA"), issued $129,640,000 of Series 1992B Refunding Certificates of Participation (the "1992B COPS").

Dain Rauscher Incorporated is the corporate successor to Rauscher. Rauscher and Dain Bosworth Incorporated were merged to form Dain Rauscher on January 2, 1998. Dain Rauscher is a Minnesota

corporation with its registered office in Minneapolis, Minnesota. Dain Rauscher is registered with the Commission as a broker-dealer pursuant to Section 15(b) of the Exchange Act, and as an investment adviser pursuant to Section 203(c) of the Advisers Act.

Feltham, at all relevant times, was a Senior Vice President of Rauscher and was the individual at Rauscher with primary responsibility for Rauscher's engagement on the 1992B COPS transaction.

B. Summary

Rauscher breached its fiduciary duties to its financial advisory client, the DOA, in connection with DOA's issuance of the 1992B COPS. As part of the 1992B COPs offering, Rauscher charged DOA an excessive undisclosed markup on the sale of certain United States Treasury securities (the "escrow securities") to the DOA. Rauscher breached its fiduciary duties to DOA by failing to inform its client, among other things, that it was taking a $707,037 profit on the sale of the escrow securities. In addition, Rauscher issued a tax certification (the "Certification"), which Feltham signed, in connection with the sale of the escrow securities which falsely stated that Rauscher's sale prices for the escrow securities equaled their "fair market value" and that Rauscher's sale of the securities was an "arm's length transaction without regard to any amount paid to reduce the yield on the securities."

C. Background: Advance Refundings

When interest rates fall, state and local governments often seek to reduce their borrowing costs by paying off outstanding bonds through the issuance of new bonds paying lower interest rates. When the old bonds cannot be paid off until a future call date, the municipality can still obtain a benefit from lower interest rates through an advance refunding. An advance refunding can lock in current interest rates and ensure that the municipality will realize debt service savings over the life of the new bonds. In an advance refunding, the municipality issues new "refunding" bonds and immediately invests the proceeds in a portfolio of U.S. Treasury or agency securities structured to pay the principal and interest obligations on the old bonds until the call date and then to pay off the outstanding principal and any call premium. The portfolio of government securities is normally placed in a defeasance escrow to guarantee repayment of the old bonds.

Defeasance escrow portfolios are subject to Internal Revenue Code provisions and Treasury regulations that prohibit the issuer of tax-exempt refunding bonds from earning tax arbitrage (that is, a profit from the rate differential between the taxable and tax-exempt markets). I.R.C. § 148; Treas. Reg. §§1.148-0, et seq. The regulations provide that the issuer cannot receive a yield on the securities held in escrow that exceeds the yield it pays on the refunding bonds. In addition, to prevent an issuer from diverting tax arbitrage to the seller of the escrow securities by paying artificially high prices, the regulations provide, in effect, that the price paid by refunding bond issuers for escrow securities purchased in the secondary market (known as "open market securities") cannot exceed the fair market value or market price of the securities as defined in those regulations.

When the yield on the investments in the escrow, if purchased at fair market value, would be above the yield on the refunding bonds, the transaction is said to be in "positive arbitrage." In a "positive arbitrage" situation "when the yield on open market securities purchased at fair market value would exceed the yield on the refunding bonds," overcharging by dealers for open market escrow securities diverts tax arbitrage to the dealers at the expense of the U.S. Treasury. This diversion, known colloquially as "yield burning," violated IRS regulations. If yield burning occurs, the Internal Revenue Service can declare interest paid on the refunding bonds taxable. See Harbor Bancorp & Subsidiaries v. Commissioner, 115 F.3d 722 (9th Cir. 1997), cert. denied, 118 S. Ct. 1035 (1998).

In contrast, a "negative arbitrage" situation occurs when the yield on open market securities purchased at fair market value would be below the yield on the refunding bonds. In a negative arbitrage transaction, overcharging by a dealer for open market escrow securities takes money away from the municipality rather than the Treasury by reducing, dollar for dollar, the present value savings the municipality obtains through the advance refunding.

D. Background to the Issuance of the 1992B COPS

In 1988, DOA issued $121,830,000 of tax-exempt certificates of participation (the 1988 COPS") to finance the construction of six buildings for the State of Arizona. The 1988 COPS bore an average interest rate of 7.55% and could not be called until July 1998.

In 1990, Rauscher became DOA's financial advisor. By May 1992, prevailing interest rates had fallen to a point substantially below the 7.55% DOA was paying on its 1988 COPs. Rauscher and Feltham therefore recommended that DOA take advantage of this decline in rates by "advance refunding" the 1988 COPs. Rauscher and Feltham recommended transactions in which DOA would issue new tax-exempt COPs bearing an interest rate lower than that of the 1988 COPs and invest most of the proceeds of the offering in United States Treasury securities, which would be held in a defeasance escrow account and used to make debt service payments on the 1988 COPs until they could be redeemed in July 1998.

Rauscher and Feltham knew, were reckless in not knowing, or should have known that an essential feature of the 1992B COPs was the tax-exempt status of the interest component to be paid to investors. For the interest component on a refunding issue such as the 1992B COPs to be exempt from federal income taxes, the applicable provisions of the Internal Revenue Code and the IRS regulations thereunder required that the aggregate yield on the escrow securities not materially exceed the yield on the 1992B COPs themselves.

In order to prevent yield burning, applicable provisions of the federal tax laws in effect at the time of the 1992B COPS transaction required that escrow investments be purchased at market price. In particular, under the applicable yield restriction regulations, U.S. Treasury securities had to be priced at the "mean of the bid and offered prices on an established market" where such securities were traded. A price exceeding the mean market price qualified as a market price only if the issuer "acquired [the security] in an arm's length transaction without regard to any amount paid to reduce the yield" on the acquired security.

E. The 1992B COPs Offering

As DOA's financial adviser in connection with the 1992B COPs offering, Rauscher assumed substantial responsibility for structuring the offering, preparing the necessary documentation and advising DOA regarding the allocation and investment of issue proceeds. In addition, Rauscher assumed the responsibility of selling the escrow securities to the defeasance escrow. Although numerous other dealers were regularly engaged in the business of selling Treasury securities and could have been approached about selling the securities to DOA through competitive bid or negotiation, Rauscher did not consider assigning that responsibility to another party during the course of the 1992B COPs offering process.1

The underwriters of the 1992B COPs offering priced the 1992B COPs on June 10, 1992. That same day, acting as a principal for its own account, Rauscher purchased the escrow securities and priced them for delivery at the June 16, 1992 closing of the offering. At the time Rauscher priced the escrow securities, a positive arbitrage situation existed. At the closing on June 16, 1992, Rauscher delivered a portfolio of securities to the escrow trustee, adding an aggregate undisclosed markup of $707,037.

F. Rauscher Failed to Disclose Material Information to its Client

Rauscher's financial advisory contract with DOA required Rauscher to provide unbiased advice and assistance in all aspects of the issuance of the 1992B COPs. That duty was particularly important because, as Rauscher knew, the DOA personnel responsible for the 1992B COPs offering had virtually no experience with advance refunding transactions and, therefore, relied heavily on Rauscher's advice. As a result, Rauscher stood in a fiduciary or similar relationship of trust and confidence with DOA. Rauscher also stood in a fiduciary or similar relationship of trust and confidence with DOA because it acted as an investment adviser to DOA.

As a result of its fiduciary or similar relationships of trust and confidence with DOA, Rauscher was under a duty to DOA to disclose all information material to the 1992B COPs issue, including all facts material to DOA's purchase of the escrow securities.

Prior to the closing of the 1992B COPs transaction, Rauscher did not disclose to DOA or its representatives the following material facts: (1) that Rauscher, acting as a principal, would make a substantial profit from the sale; (2) the amount of the undisclosed profit; (3) that the escrow securities could be purchased for a lower price from other dealers; (4) that the prices DOA was charged exceeded the mean of the bid and offered prices for the securities on an established market; and (5) that the profit received by Rauscher could jeopardize the tax-exempt status of the 1992B COPs.

Rauscher violated its fiduciary duties to DOA by failing to disclose the above matters and by failing to disclose the conflict inherent in Rauscher's taking an undisclosed profit of $707,037 on transactions with DOA while at the same time purporting to give DOA independent investment advice.

G. Rauscher Charged Excessive Markups

The prices charged DOA for the escrow securities were excessive in that the prices were not reasonably related to prevailing market prices, and Rauscher's $707,037 profit from the sale of such securities was unreasonable in light of the circumstances surrounding the sale. The markups Rauscher charged on the escrow securities averaged approximately .55 percent (or just over one half of one percent) of the prevailing interdealer market prices of the Treasury securities sold to DOA. At the time, other dealers generally charged materially lower markups on escrow securities when the prices were determined through competition or bona fide arm's length negotiation. Under the facts and circumstances, Rauscher's prices were above fair market value as defined by federal tax laws.

H. Rauscher Issued the Certification

As a prerequisite to the issuance of their respective opinions that the interest to be paid on the 1992B COPs would be exempt from federal income taxation, DOA and its bond counsel required Rauscher to certify that it had sold the escrow securities at fair market value and in compliance with applicable tax laws. Accordingly, on June 16, 1992, Feltham, on Rauscher's behalf, signed the Certification. Rauscher and Feltham knew, were reckless in not knowing, or should have known that DOA and its bond counsel would rely on the Certification in making their respective representations that the interest component of the 1992B COPs was exempt from federal income taxes.

The Certification was materially false and misleading in that, contrary to the representations in the Certification, Rauscher's prices for the escrow securities did not equal the "fair market value" of those securities and those prices had not been determined in an "arm's length transaction without regard to any amount paid to reduce the yield on the securities."

III. OPINION

Section 10(b) of the Exchange Act and Rule 10b-5 thereunder proscribe materially false and misleading statements "in connection with the purchase or sale of any security." Section 17(a) of the Securities Act similarly prohibits the making of such statements in connection with the "offer or sale" of securities. In addition, Sections 206(1) and (2) of the Advisers Act prohibit investment advisers from making materially false and misleading statements.2 A statement is material if there is a substantial likelihood that, under all the circumstances, it would have assumed actual significance in the deliberations of a reasonable investor. Basic, Inc. v. Levinson, 485 U.S. 224, 231-32 (1988).

Material omissions are also actionable under Section 10(b), Section 17(a) and Sections 206(1) and 206(2), but only when a duty to disclose exists. Chiarella v. United States, 445 U.S. 222, 235 (1980)("When an allegation of fraud is based upon nondisclosure, there can be no fraud absent a duty to speak"). A fiduciary or other relationship of trust and confidence gives rise to a duty to disclose material information. Chiarella, 445 U.S. at 228; Affiliated Ute Citizens v. United States, 406 U.S. 128, 153-55 (1972).

Finally, proof of scienter is necessary to establish violations of Section 10(b), Section 17(a)(1) and Section 206(1). In this context, scienter means "a mental state embracing intent to deceive, manipulate or defraud," Ernst & Ernst v. Hochfelder, 425 U.S. 185, 194 n.12 (1976), and includes recklessness. See, e.g., Hollinger v. Titan Capital Corp., 914 F.2d 1564, 1568-69 (9th Cir. 1990); SEC v. Blavin, 760 F.2d 706, 711 (6th Cir. 1985); SEC v. Falstaff Brewing Corp., 629 F.2d 62, 77 (D.C. Cir.), cert. denied, 449 U.S. 1012 (1980); Rolf v. Blyth, Eastman Dillon & Co., 570 F.2d 38 (2d Cir.), cert. denied, 439 U.S. 1039 (1978). Proof of scienter is not necessary to establish a violation of Sections 17(a)(2) and (3) of the Securities Act, Aaron v. SEC, 446 U.S. 680, 697 (1980), or Section 206(2) of the Advisers Act. SEC v. Capital Gains Research Bureau, Inc., 375 U.S. 180 (1963).

A. Material Omissions and Misrepresentations by Rauscher

Rauscher violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 17(a) of the Securities Act and Section 206(1) and 206(2) of the Advisers Act by knowingly or recklessly failing to inform DOA that Rauscher was taking a $707,037 profit on the sale of the escrow securities and by failing to disclose the conflict inherent in Rauscher's taking an undisclosed profit of $707,037 on transactions with DOA while at the same time purporting to give DOA independent investment advice. Rauscher also violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 17(a) of the Securities Act and Section 206(1) and 206(2) of the Advisers Act by knowingly or recklessly issuing the materially false and misleading Certification to DOA and its bond counsel.

Rauscher also violated Section 206(3) of the Advisers Act3 by knowingly effecting the sale of the escrow securities for the account of its client, DOA, without disclosing its capacity as principal to DOA in writing before completion of the transaction and obtaining DOA's consent to the transaction.

B. Excessive Undisclosed Markups

Rauscher violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 17(a) of the Securities Act and Section 206(1) and 206(2) of the Advisers Act by effecting the sales of the escrow securities to DOA at prices not reasonably related to the current wholesale market prices for the securities under the particular facts and circumstances, including the pertinent tax regulations. See, e.g., Grandon v. Merrill Lynch & Co., 147 F.3d 184, 192 (2d Cir. 1998) (under the shingle theory, a broker-dealer has a duty to disclose excessive markups); In re Lehman Bros. Inc., 62 SEC Dkt. at 2330-31; In re Duker & Duker, 6 S.E.C. 386, 389 (1939). Rauscher's markups on the sales of the escrow securities averaged just over one half of one percent of the prevailing interdealer market prices of the Treasury securities sold to DOA. Based on all the relevant facts and circumstances, Rauscher knew, was reckless with respect to whether, or should have known that the prices it charged DOA were not reasonably related to the prevailing wholesale market prices of the securities.

Before 1995, in addition to the DOA, Dain Rauscher sold portfolios of U.S. Treasury securities for defeasance escrows at excessive, undisclosed markups to a number of other municipal bond issuers in connection with advance refundings. At the time, as compared with the markups Dain Rauscher charged in these transactions, dealers generally charged materially lower markups on escrow securities when the prices were determined through competition or bona fide arm's length negotiation.

In connection with these other advance refunding transactions, Dain Rauscher violated Sections 17(a)(2) and 17(a)(3) of the Securities Act by effecting defeasance escrow transactions with municipalities at prices not reasonably related to the current wholesale market prices for the securities under the particular facts and circumstances, including the pertinent tax regulations. Based on all the relevant facts and circumstances, Dain Rauscher knew or should have known that the prices it charged were not reasonably related to the prevailing wholesale market prices of the securities. The excessive markups also violated Sections 17(a)(2) and 17(a)(3) of the Securities Act because the excessive markups jeopardized the tax-exempt status of the municipalities' refunding bonds and diverted money from the U.S. Treasury to Dain Rauscher when the transaction was in positive arbitrage, or reduced the savings available to the municipalities from the refundings when the transaction was in negative arbitrage.

C. Feltham Was a Cause of Certain of Rauscher's Violations

Feltham was the individual at Rauscher with primary responsibility for Rauscher's engagement on the 1992B COPS transaction. He was the senior person at Rauscher assigned to coordinate Rauscher's work on the 1992B COPS transaction. Feltham was aware of the markups charged by Rauscher on the 1992B COPS transaction and knew or should have known that the markups had not been adequately disclosed to the DOA. Feltham signed the Certification on Rauscher's behalf. Feltham was a cause of Rauscher's violations of Sections 17(a)(2) and (3) of the Securities Act and Sections 206(2) and (3) of the Advisers Act relating to the 1992B COPS transaction, due to acts or omissions he knew or should have known would contribute to such violations.4

IV.

Based on the above, the Commission finds that:

A. Dain Rauscher willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 17(a) of the Securities Act and Sections 206(1), (2) and (3) of the Advisers Act; and

B. Feltham was a cause of Dain Rauscher's violations of Section 17(a)(2) and (3) of the Securities Act and Sections 206(2) and (3) of the Advisers Act relating to the 1992B COPS transaction.

V.

Accordingly, IT IS ORDERED, that:

A. Dain Rauscher:

1. Be, and hereby is, censured;

2. Pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act and Section 203(k) of the Advisers Act, cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 206 of the Advisers Act;

3. Pursuant to Section 21B of the Exchange Act, pay a civil penalty of $100,000, in connection with sales of defeasance escrow securities to the DOA in the 1992B COPS transaction, within ten (10) business days of the entry of this Order by wire transfer in accordance with instructions furnished by the Commission staff, or by a postal or bank money order, certified check or bank cashier's check, to the United States Treasury;

4. Comply with its undertaking to pay disgorgement of $347,631 and prejudgment interest of $299,856, in connection with sales of defeasance escrow securities to the DOA in the 1992B COPS transaction, to the United States Treasury in accordance with the terms of an agreement simultaneously entered into among Dain Rauscher, the Internal Revenue Service and the United States Attorney for the Southern District of New York;

5. Comply with its undertaking to pay $10,586,081.59 to the United States Treasury, related to sales of defeasance escrow securities in connection with advance refunding transactions in positive arbitrage (other than the 1992B COPS transaction) in accordance with the terms of an agreement simultaneously entered into among Dain Rauscher, the Internal Revenue Service and the United States Attorney for the Southern District of New York;

6. Within ten (10) business days of the entry of this Order, comply with its undertaking to make certain payments totaling $1,607,623.38 related to sales of defeasance escrow securities to certain municipal issuers in connection with advance refundings in negative arbitrage, as follows:

i. $12,253.52 to Carbondale, Illinois in connection with the refunding that settled on November 5, 1992;
ii. $13,067.76 to Poudre School District No. R-1, Colorado in connection with the refunding that settled on May 28, 1993;
iii. $117,525.78 to Montgomery County, Iowa in connection with the refunding that settled on August 19, 1993;
iv. $35,600.96 to St. Louis County, Missouri in connection with the refunding that settled on August 31, 1993;
v. $412,334.30 to the St. Louis Park, Minnesota Health System in connection with the refunding that settled on September 30, 1993;
vi. $76,081.24 to the Community School Corp. of S. Hancock County, Indiana in connection with the refunding that settled on December 21, 1993;
vii. $64,160.66 to the Eastern Howard School Building Corporation, Indiana in connection with the refunding that settled on December 29, 1993;
viii. $113,060.29 to Denver School District No. 1, Colorado in connection with the refunding that settled on February 22, 1994;
ix. $21,677.71 to Aurora, Colorado in connection with the refunding that settled on June 14, 1994;
x. $10,682.91 to the Indiana Bond Bank in connection with the refunding that settled on September 8, 1994;
xi. $26,999.54 to the City of Tucson, Arizona in connection with the refunding that settled on June 5, 1990;
xii. $24,032.36 to the Humble Independent School District connection with the refunding that settled on December 1, 1992;
xiii. $55,050.50 to the City of Cupertino in connection with the refunding that settled on December 16, 1993;
xiv. $55,942.59 to the Paradise Valley Unified School District No. 69, Maricopa County, Arizona in connection with the refunding that settled on February 23, 1993;
xv. $119,354.55 to the City of Cupertino in connection with the refunding that settled on April 6, 1993;
xvi. $34,495.01 to the City of Bedford in connection with the refunding that settled on April 20, 1993;
xvii. $24,461.64 to the City of Scottsdale Municipal Property Corp. in connection with the refunding that settled on April 22, 1992;
xviii. $71,446.07 to the City of Nevada in connection with the refunding that settled on April 22, 1993;
xix. $16,710.30 to the Alamo Community College District in connection with the refunding that settled on April 28, 1993;
xx. $13,271.81 to the Clear Creek Independence School District in connection with the refunding that settled on May 18, 1993;
xxi. $14,243.07 to the Katy Independence School District in connection with the refunding that settled on May 26, 1993;
xxii. $37,165.94 to the City of Santa Clara, California in connection with the refunding that settled on August 25, 1993;
xxiii. $185,902.39 to the San Mateo County Transit District in connection with the refunding that settled on June 3, 1993;
xxiv. $25,501.89 to the Midland County Hospital District in connection with the refunding that settled on August 25, 1993; and
xxv. $26,600.59 to the Tyler Junior College District in connection with the refunding that settled on June 29, 1994; and

7. Send copies of payments made as described in sub-paragraphs 3, 4, 5 and 6 above and any cover letters accompanying them to Gregory Bruch, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549-0703.

B. Feltham:

1. Pursuant to Section 8A of the Securities Act and Section 203(k) of the Advisers Act, cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and (3) of the Securities Act and Sections 206(2) and (3) of the Advisers Act.

By the Commission.

Jonathan G. Katz
Secretary

Footnotes

1 In addition to selling the escrow securities to DOA, Rauscher advised DOA to structure the defeasance escrow to include a forward supply contract, a separate security designed to maximize the interest earned on the funds held in the defeasance escrow by selling certain rights to invest those funds periodically in the future in exchange for an up front payment. Rauscher also received a separate fee for acting as co-broker in the procurement and sale of a Guaranteed Investment Contract ("GIC") in which a portion of the offering proceeds was invested.

2 Rauscher acted as an investment adviser within the meaning of Section 202(a)(11) of the Advisers Act, 15 U.S.C. Section 80b-2(a)(11), in connection with the 1992B COPS offering because, for compensation, Rauscher was in the business of advising DOA as to the advisability of investing in, purchasing, or selling securities. Because Rauscher's advice was not limited to Treasury securities or other government securities as described in Section 202(a)(11)(E), that provision did not operate to exclude Rauscher from the definition of investment adviser. See O'Brien Partners, Inc., Investment Advisers Act Release No. 1772 (Oct. 27, 1998).

3 Section 206(3) of the Advisers Act prohibits an investment adviser, acting as principal, from knowingly selling a security to a client without disclosing to the client, in writing before the completion of the transaction, the capacity in which he is acting and obtaining the client's consent to the transaction.

4 The Commission makes no allegations that Feltham was involved in any of Rauscher's or Dain Rauscher's advance refunding transactions other than the 1992B COPS transaction.