

**ADMINISTRATIVE PROCEEDING**  
**BEFORE THE**  
**SECURITIES COMMISSIONER OF SOUTH CAROLINA**

<b>IN THE MATTER OF:</b>	)	
	)	<b>CONSENT ORDER</b>
<b>MORGAN STANLEY &amp; CO.</b>	)	
<b>INCORPORATED (CRD #8209),</b>	)	<b>File No. 10017</b>
	)	
_____ Respondent.	)	

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the "Division"), pursuant to authority granted in the South Carolina Uniform Securities Act, S.C. Code Ann. § 35-1-101 *et. seq.* (Supp. 2010) (the "Act"), initiated an investigation into the activities of Morgan Stanley & Co. Incorporated ("Morgan Stanley" or "Respondent") involving sales of Auction Rate Securities ("ARS") in South Carolina during the period February 13, 2008, through December 31, 2008; and

WHEREAS, in connection with its investigation, the Division determined certain registered representatives of the Respondent had engaged in acts or practices constituting violations of the Act, and the Division instituted a proceeding (Complaint in the Matter of Morgan Stanley & Co. Incorporated; hereinafter "Complaint") for these alleged violations; and

WHEREAS, the Respondent has disputed and continues to dispute and deny the allegations contained in the Complaint and has not admitted any violations of the Act; and

WHEREAS, the Respondent admits the Securities Commissioner of the State of South Carolina (the "Securities Commissioner") has jurisdiction in this matter and desires to bring this matter to conclusion and has agreed, without any admission that there has been any violation of the Act, to the investor protections and remedies set forth below;

NOW, THEREFORE, it is ordered, and Respondent agrees:

- A. Effective immediately, the Respondent and all persons under the Respondent's direction or control involved in the offer or sale of securities in or from the State of South Carolina shall permanently cease and desist from violating S.C. Code of Regulations 13-501 A(3); and
- B. Upon the Commissioner's execution of this Order, the Respondent immediately shall pay ten thousand dollars (\$10,00.00) to the Division as reimbursement of a portion of the Division's investigative costs incurred in connection with the matters above; and
- C. Upon the Commissioner's execution of this Order, the Respondent immediately shall pay a twenty thousand dollar (\$20,000) penalty to the Division.

Upon execution by the Securities Commissioner, this Order resolves Administrative Proceeding 10017. For any person or entity not a party to this Order, this Order does not create any rights or remedies against Respondent or limit any defenses of or for Respondent to any claims. This Order is issued solely for the purpose of resolving the Administrative Proceeding described herein, Respondent's consent to the Order may not be used for any other purpose, and the findings and conclusions in the Order shall not constitute admissions on the part of Respondent for any purpose whatsoever.

This Order should not be interpreted to waive any (i) criminal cause of action, (ii) private cause of action that may have accrued to investors as a result of Respondent's participation in the security offerings described in the Complaint, or (iii) other causes of action which may result from activities of the Respondent not detailed in the Complaint.

So ORDERED this 24<sup>th</sup> day of February 2011.

By: Alan Wilson  
Alan Wilson  
Securities Commissioner

Securities Division of the Office of the Attorney General

By: Tracy Meyers  
Tracy A. Meyers  
Senior Assistant Attorney General  
Securities Division

Date: February 24, 2011

I CONSENT:

Respondent Morgan Stanley & Co. Incorporated

By: S. Anthony Taggart  
S. Anthony Taggart  
Executive Director and Counsel

Date: February 23, 2011