

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 58908 / November 6, 2008**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13287**

**In the Matter of**

**Karnig H. Durgarian, Jr.,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTIONS 15(b) AND  
17A(c) OF THE SECURITIES  
EXCHANGE ACT OF 1934, MAKING  
FINDINGS, AND IMPOSING REMEDIAL  
SANCTIONS**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 17A(c) of the Securities Exchange Act of 1934 (“Exchange Act”) against Karnig H. Durgarian, Jr. (“Respondent” or “Durgarian”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Sections 15(b) and 17A(c) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Durgarian is a former senior managing director and chief of operations of Putnam Fiduciary Trust Company, a transfer agent registered with the Commission and under the common control with a broker dealer also registered with the Commission. He is also a former officer of PFTC's corporate parents, Putnam Investment Trust and Putnam LLC, and, from 2002-2004, principal executive officer of certain Putnam mutual funds. Durgarian, age 52, is a resident of Hopkinton, Massachusetts.

2. On October 31, 2008, a final judgment was entered by consent against Durgarian, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 34(b) and 37 of the Investment Company Act of 1940 ("Investment Company Act"), in the civil action entitled Securities and Exchange Commission v. Karnig H. Durgarian, Jr., et al., Civil Action No. 05-12618-NMG, in the United States District Court for the District of Massachusetts.

3. The Commission's complaint alleged that beginning in January 2001, Durgarian and others engaged in a fraudulent scheme to cover up an error that had occurred in the account of a client of their employer, PFTC. Instead of disclosing the error to the client and facing the consequences, Durgarian approved a scheme which operated as a fraud and deceit on investors in which PFTC employees reversed and re-executed certain trades in the client's account and adjusted expense accounting entries in certain Putnam mutual funds in order to transfer the loss arising from the error from one client to others and to conceal the error and the fraudulent transfer from the affected clients and from PFTC's auditors.

### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Durgarian's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) and 17A(c)(4) of the Exchange Act, Respondent Durgarian be, and hereby is barred from association with any broker, dealer, or transfer agent, with the right to reapply for association after three years to the appropriate self-regulatory organization, or if there is none, to the Commission;

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served

as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Florence E. Harmon  
Acting Secretary