

ADMINISTRATIVE PROCEEDING  
FILE NO. 3-11317

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
January 16, 2004

SECURITIES & EXCHANGE COMMISSION  
MAILED FOR SERVICE

JAN 21 2004

FIRST CLASS

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In the Matter of :  
: ORDER  
PUTNAM INVESTMENT :  
MANAGEMENT, LLC :  
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The Securities and Exchange Commission (Commission) issued its Order Instituting Proceedings (OIP) on October 28, 2003. The Chief Administrative Law Judge then assigned the matter to my docket. Paragraph VI of the OIP requires me to issue an initial decision within 300 days after service of the OIP, or not later than August 31, 2004.

The Commission issued an Order Making Findings and Imposing Partial Relief on November 13, 2003. Putnam Investment Management, LLC, SEC Docket \_\_\_, Investment Advisers Act of 1940 Rel. No. 2192 (Nov. 13, 2003) (Partial Settlement Order). The Partial Settlement Order imposed a censure, granted cease-and-desist relief, and directed Respondent to comply with certain undertakings. It left the issues of a civil monetary penalty and disgorgement of ill-gotten gains to be decided after a hearing.

The Partial Settlement Order also set up a schedule for Respondent to make restitution to fund shareholders for losses attributable to the violations at issue. The restitution schedule is supposed to last no more than 195 days (Partial Settlement Order ¶ IV.E). However, the Commission's staff has the discretion to extend the deadlines for reaching the various steps along the way (Partial Settlement Order ¶ IV.J). Under the terms of the Partial Settlement Order, the presiding Administrative Law Judge has no role to play in granting or denying such extensions.

Paragraph IV.E.1 of the Partial Settlement Order required Respondent to retain the services of an Independent Assessment Consultant, acceptable to the Division of Enforcement (Division), by December 15, 2003. The parties missed that deadline. They previously agreed to extend the deadline, first, to January 5, 2004, and, then, until today. See Status Reports dated December 17, 2003, and January 8, 2004.


At the first prehearing conference, the parties took the position that it would be premature to hold a hearing on a civil monetary penalty and disgorgement relief until after the completion of the restitution process.

I discussed the case with counsel for the Division and Respondent in another telephonic conference today. According to the Division, the process of choosing a consultant and agreeing upon a methodology for restitution has proven more complex than it anticipated. Putnam has proposed a consultant, but the Division has objected because the individual in question could not articulate a restitution methodology that the Division found acceptable. The Division characterized the 195-day timeframe in the Partial Settlement Order as "aggressive." Putnam recognizes that this is the appropriate time for the Division to state its concerns with the proposed methodology, and thus does not object to the delay in naming the consultant. Today, the parties agreed to grant themselves a third extension of time. Their new deadline for naming an Independent Assessment Consultant is January 30, 2004.

IT IS ORDERED THAT:

The Division shall file and serve a status report no later than February 4, 2004, stating whether an Independent Assessment Consultant has been chosen; and

A telephonic prehearing conference will be held on February 26, 2004, at 2:00 p.m. Eastern time. The Division should initiate the call and obtain a court reporter.

  
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James T. Kelly  
Administrative Law Judge