

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2714 / March 5, 2008

INVESTMENT COMPANY ACT OF 1940
Release No. 28186 / March 5, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-12977

In The Matter of

BART A. GRENIER

Respondent.

: ORDER INSTITUTING ADMINISTRATIVE
: AND CEASE-AND-DESIST PROCEEDINGS,
: MAKING FINDINGS, AND IMPOSING
: REMEDIAL SANCTIONS AND A CEASE-
: AND-DESIST ORDER PURSUANT TO
: SECTION 203(f) OF THE INVESTMENT
: ADVISERS ACT OF 1940 AND SECTIONS
: 9(b) and 9(f) OF THE INVESTMENT
: COMPANY ACT OF 1940 AS TO
: BART A. GRENIER
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:
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I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Investment Company Act”) against Bart A. Grenier (“Grenier” or “Respondent Grenier”).

II.

In anticipation of the institution of these proceedings, Respondent Grenier has submitted an Offer of Settlement (“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, which are admitted, Respondent Grenier consents to the entry of this Order

Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 203(f) of the Investment Advisers Act of 1940 and Sections 9(b) and 9(f) of the Investment Company Act of 1940 as to Bart A. Grenier (“Order”), as set forth below.

III.

On the basis of this Order and Respondent Grenier's Offer, the Commission finds¹ that:

Respondent

1. **Grenier**, age 49, is a resident of Boston, Massachusetts. At all relevant times, Grenier was employed as a senior vice president of FMR Co., Inc. (“FMR Co.”) located in Boston, Massachusetts. At all relevant times, Grenier had supervisory responsibility for FMR Co.’s equity trading desk and up to eight other FMR Co. business groups. With the exception of a four-month period in 1997, Grenier was associated with FMR Co. from in or about 1991 until June 2005.

Relevant Parties

2. **Fidelity Management & Research Company** (“FMR”) is registered with the Commission as an investment adviser (File No. 801-7884) pursuant to Section 203(c) of the Advisers Act, with its principal place of business in Boston, Massachusetts. FMR is a wholly owned subsidiary of FMR LLC, which utilizes the trade name “Fidelity Investments.” FMR is an adviser to various institutional clients and has approximately \$1.25 trillion in assets under management. FMR’s institutional clients include the group of approximately 350 registered investment companies marketed under the “Fidelity Investments” trade name and managed by FMR and its affiliates (hereafter “the Fidelity Funds”).

3. **FMR Co.** is registered with the Commission as an investment adviser (File No. 801-3447) pursuant to Section 203(c) of the Advisers Act, with its principal place of business in Boston, Massachusetts. FMR Co. is a wholly owned subsidiary of FMR, and provides portfolio management services as a sub-adviser to certain clients of FMR, including the Fidelity Funds.

Summary

4. This proceeding concerns Grenier’s acceptance of a substantial amount of tickets from securities brokerage firms (“broker-dealers”) with which FMR Co. conducted business to events Grenier did not attend with representatives of the broker-dealers. During the period from January 1, 2002 to October 2004 (the “Relevant Period”), Grenier accepted approximately \$38,500 worth of tickets to concerts and sporting events, which were given to him directly or indirectly by representatives of at least five broker-dealers. Grenier secured tickets to

¹ The findings herein are made pursuant to Respondent Grenier’s Offer and are not binding on any other person or entity in this or any other proceeding.

several of the events by requesting that the then head of FMR Co.'s equity trading desk, Scott DeSano ("DeSano"), who reported directly to Grenier, obtain the tickets for him. Grenier obtained the balance of the tickets directly from broker-dealers that traded securities for and provided securities research to FMR Co. In September and October 2004, Grenier reimbursed representatives of broker-dealers a total of \$14,348, which is what he understood to be the value of certain of the tickets Grenier received. By accepting those tickets, Grenier willfully² violated Section 17(e)(1) of the Investment Company Act. In the instances when Grenier requested that DeSano obtain tickets on Grenier's behalf and DeSano obliged Grenier, Grenier caused DeSano's violations of Section 17(e)(1) of the Investment Company Act.

Background

5. From at least January 1, 2002 to October 2004, Grenier supervised DeSano and up to eight other senior FMR Co. managers, and provided strategic direction to those business groups for which he had responsibility. Those nine business groups included equity trading, growth and income equity, value equity, equity real estate investment trusts, asset allocation, strategic advisers, high yield, money market, and fixed income. In addition, Grenier was a member of FMR Co.'s Soft Dollar Oversight Committee, which oversaw FMR Co.'s system to evaluate and compensate broker-dealers for their research.

6. Grenier and others at FMR Co., including investment managers and equity analysts, received research from broker-dealers to which FMR Co.'s equity trading desk directed client securities transactions for execution. FMR Co. paid for that research through trading commissions, and evaluated the quality of broker-dealers' research services through votes or "points" allocated by FMR Co. investment managers and equity analysts. The points were compiled for the Soft Dollar Oversight Committee. In connection with the research he received from broker-dealers, Grenier allocated his points each quarter during the Relevant Period to broker-dealers. In some cases, including for the broker-dealers from which Grenier obtained tickets, those points were used to evaluate the quality of the research the broker-dealers provided.

Grenier Accepted Tickets From Broker-Dealers

7. During the Relevant Period, Respondent Grenier obtained, directly or indirectly from at least five broker-dealers with which FMR Co. conducted business, approximately 70 tickets to 21 events that he attended without the representative of the broker-dealer present. Accordingly, those tickets, which cost broker-dealers approximately \$38,500, constitute gifts from broker-dealers. Those gifts include a Super Bowl ticket package that cost the broker-dealer approximately \$9,000, and premium seats to numerous Boston Red Sox and Boston Celtics games. Grenier obtained tickets to certain events by requesting that DeSano obtain the tickets for him. In those instances, DeSano obliged Grenier by procuring the tickets for Grenier from broker-dealers to which FMR Co. directed client securities transactions for execution. Grenier

² "Willfully" as used in this Order means intentionally committing the act which constitutes the violation, *Cf. Wonsover v. SEC*, 205 F. 3d 408, 414 (D.C. Cir. 2000); *Tager v. SEC*, 344 F. 2d 5, 8 (2d Cir. 1965). There is no requirement that the actor also be aware he is violating one of the Rules or Acts.

obtained the remaining tickets directly from broker-dealers that provided research to him and FMR Co.

Grenier's Reimbursement for Certain Tickets from Broker-Dealers

8. Commencing in July 2004, securities regulators conducted a routine examination of a broker-dealer ("Broker-Dealer A"). During that examination, securities regulators learned that Broker-Dealer A and its representatives appeared to have provided certain traders and other employees of FMR Co. with an excessive amount of travel, entertainment, gifts and gratuities.

9. In September 2004, Grenier reimbursed \$3,248 to a representative of a broker-dealer who gave him tickets. The \$3,248 represented the amount Grenier understood to be the value for 18 of the 70 tickets that Grenier accepted as gifts. Those tickets were for four events that took place in September 2004 and one event that took place in April 2004.

10. By at least the first week of October 2004, Grenier learned about issues concerning gifts being provided from Broker-Dealer A to at least one FMR Co. trader. Later that month, Grenier reimbursed a representative of a broker-dealer \$11,100, representing what Grenier understood to be the value of 32 tickets given to Grenier. Those 32 tickets were for nine events Grenier did not attend with any representatives of the broker-dealer - six of which took place in 2003 and three of which took place between January and August 2004.

11. Of the \$38,500 in tickets he received from broker-dealers with which FMR Co. conducted business, Grenier reimbursed a total of \$14,348.

Grenier Violated Section 17(e)(1) of the Investment Company Act

12. As a result of the conduct described above, Grenier willfully violated Section 17(e)(1) of the Investment Company Act, which makes it unlawful for an affiliated person of a registered investment company, or an affiliate of an affiliate, when acting as agent, to accept compensation from any source (other than a salary or wages from the registered investment company) for the purchase or sale of any property to or for the registered investment company. Grenier was an affiliated person of FMR Co., which is an affiliated person of investment companies (Fidelity Investments' family of mutual funds), because FMR Co. advises those funds. Grenier's receipt of gifts from broker-dealers constituted compensation in violation of Section 17(e)(1) of the Investment Company Act.

13. As a result of the conduct described above, Grenier caused DeSano's violations of Section 17(e)(1) of the Investment Company Act. DeSano was an affiliated person of FMR Co., which is an affiliated person of investment companies (Fidelity Investments' family of mutual funds), because FMR Co. advises those funds. When Grenier requested that DeSano, who reported directly to Grenier, obtain tickets from broker-dealers on Grenier's behalf and DeSano obliged Grenier by procuring tickets for Grenier from broker-dealers, DeSano accepted compensation, in violation of Section 17(e)(1) of the Investment Company Act. DeSano obtained items of value - tickets to concerts and sporting events - which he used to ingratiate

himself by fulfilling his manager's request. By requesting that DeSano obtain those tickets from broker-dealers, Grenier caused DeSano's violations of Section 17(e)(1) of the Investment Company Act.

Undertakings

14. In connection with this proceeding and any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, Respondent Grenier (i) agrees to appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) will accept service by mail or facsimile transmission of notices or subpoenas issued by or on behalf of the Commission for documents or testimony at depositions, hearings, or trials, or in connection with any related investigation by Commission staff; (iii) appoints Respondent Grenier's attorney in this proceeding as agent to receive service of such notices and subpoenas; (iv) with respect to such notices and subpoenas, waives the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the testimony reimburses Respondent Grenier's travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (v) consents to personal jurisdiction over Respondent Grenier in any United States District Court for purposes of enforcing any such subpoena.

15. In determining whether to accept the Offer, the Commission considered these undertakings.

IV.

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

Accordingly, pursuant to Section 203(f) of the Advisers Act and Sections 9(b) and 9(f) of the Investment Company Act, it is hereby ORDERED that:

- A. Respondent Grenier be, and hereby is, censured;
- B. Respondent Grenier cease and desist from committing or causing any violations and any future violations of Section 17(e)(1) of the Investment Company Act;
- C. IT IS FURTHER ORDERED that Respondent Grenier shall, within ten (10) days of the entry of this Order, pay disgorgement of \$24,152 and prejudgment interest of \$2,164.89 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Such payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Respondent Grenier as a Respondent in these proceedings, the file number of these proceedings,

a copy of which cover letter and money order or check shall be sent to David P. Bergers, Regional Director, Division of Enforcement, U.S. Securities and Exchange Commission, Boston Regional Office, 33 Arch Street, 23rd Floor, Boston, MA 02110; and

D. IT IS FURTHER ORDERED THAT Respondent Grenier shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$25,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Respondent Grenier as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to David P. Bergers, Regional Director, Division of Enforcement, U.S. Securities and Exchange Commission, Boston Regional Office, 33 Arch Street, 23rd Floor, Boston, MA 02110.

By the Commission.

Nancy M. Morris
Secretary