

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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hours per response 1

FORM TCR
TIP, COMPLAINT OR REFERRAL

A. INFORMATION ABOUT YOU

COMPLAINANT 1:

Name: Dana de Windt

4. Occupation retired financial advisor

Preferred
method of
communication

e-mail

COMPLAINANT 2:

1. Last Name

First

M.I.

2. Street Address

Apartment/
Unit #

City

State/
Province

ZIP/
Postal Code

Country

3. Telephone

Alt. Phone

E-mail Address

4. Occupation

Preferred
method of
communication

B. ATTORNEY'S INFORMATION (If Applicable - See Instructions)

1. Attorney's Name

Glenn J. Webber, Esq.

2. Firm Name

Law Office of Glenn J. Webber, P.A.

3. Street Address

101 East Ocean Boulevard, Suite 203

City

Stuart

State/
Province

FL

ZIP/
Postal Code

34994

Country

U.S.A.

4. Telephone

(772) 287-5600

(772) 781-7561

Fax

E-mail Address

glenn@webberfl.com

C. TELL US ABOUT THE INDIVIDUAL OR ENTITY YOU HAVE A COMPLAINT AGAINST

INDIVIDUAL/ENTITY 1:

If an individual, specify profession:

1. Type: ☐ Individual ☒ Entity

If an entity, specify type:

Brokerage Firm

2. Name
Morgan Stanley

3. Street Address
1585 Broadway

Apartment/
Unit #

City
New York

State/
Province
NY

ZIP/
Postal Code
10036

Country
U.S.A.

4. Phone
(888) 454-3965

indivfeedback@ms.com
E-mail Address

Internet Address

INDIVIDUAL/ENTITY 2:

If an individual, specify profession:

1. Type: ☐ Individual ☐ Entity

If an entity, specify type:

2. Name

3. Street Address

Apartment/
Unit #

City

State/
Province

ZIP/
Postal Code

Country

4. Phone

E-mail Address

Internet Address

D. TELL US ABOUT YOUR COMPLAINT

1. Occurrence Date (mm/dd/yyyy): / /

2. Nature of complaint:

3a. Has the complainant or counsel had any prior communication(s) with the SEC concerning this matter?

YES ☒ NO ☐

Donna Norman, Michael S. Fuchs, Natasha Vij Greiner

3b. If the answer to 3a is "Yes," name of SEC staff member with whom the complainant or counsel communicated

4a. Has the complainant or counsel provided the information to any other agency or organization, or has any other agency or organization requested the information or related information from you?

YES ☒ NO ☐

4b. If the answer to 4a is "Yes," please provide details. Use additional sheets if necessary.

NASD/FINRA, NASAA, SDNY, FFETF

(attached monograph explains all steps taken thus far - Exhibit "A")

4c. Name and contact information for point of contact at agency or organization, if known

1. Andrew A. Farret, Regional Chief Counsel FINRA, New Orleans - (504) 412-2404

2. Rex Staples, General Counsel, NASAA (left position) (202) 737-0900

3. SDNY submitted complaint October 2013

4. FFETF submitted complaint 2014

5. FBI. Holly Trask, submitted December 2013 - (202) 323-3215

5a. Does this complaint relate to an entity of which the complainant is or was an officer, director, counsel, employee, consultant or contractor?

YES ☒ NO ☐

5b. If the answer to question 5a is "Yes," has the complainant reported this violation to his or her supervisor, compliance office, whistleblower hotline, ombudsman, or any other available mechanism at the entity for reporting violations?

YES ☒ NO ☐

5c. If the answer to question 5b is "Yes," please provide details. Use additional sheets if necessary.

All levels of supervision / authority were contacted from 2003 - 2008. I left Morgan Stanley in 2008. Wall Street Journal article of May 24, 2008 (attached).

5d. Date on which the complainant took the action(s) described in question 5b (mm/dd/yyyy):

January / 2003 - present

6a. Has the complainant taken any other action regarding your complaint?

YES ☒ NO ☐

6b. If the answer to question 6a is "Yes," please provide details. Use additional sheets if necessary.

Mediation with Morgan Stanley in 2005 with client. Appeared at arbitration for investor in December 2012. Complaints to SEC, FINRA, State of Florida and NASAA.

7a. Does your complaint relate to a residential mortgage-backed security?

YES ☐ NO ☒

7b. Type of security or investment, if relevant

Security was a surplus note, misrepresented as a bond instrument.
8 years of Blue Sky Law violations.

7c. Name of issuer or security, if relevant

Lumbermens Mutual Casualty Company

7d. Security/Ticker Symbol or CUSIP no.

8. State in detail all facts pertinent to the alleged violation. Explain why the complainant believes the acts described constitute a violation of the federal securities laws. Use additional sheets if necessary.

Morgan Stanley offered surplus notes issued by Lumbermens Mutual Casualty Company. the notes were not registered, and there was no active market for the notes before the offering. In fact, the notes were not bond instruments at all. Morgan Stanley entered into a Consent Agreement in September 2008, admitting to Blue Sky Law violations, but not admitting to selling unlicensed misrepresented securities. Not until June of 2009 did Morgan Stanley admit to sale of unregistered securities. (see attachments)

9. Describe all supporting materials in the complainant's possession and the availability and location of any additional supporting materials not in complainant's possession. Use additional sheets, if necessary.

Florida OFR Final Order September 8, 2008 (B); Florida 2008 - 2009 OFR Report (C); Wall Street Journal May 24, 2008 (D); Case Closing Memo February 15, 2012 (E); Florida Rescission Offering (F); Letter to Tony Taggart at Morgan Stanley (G); Letter to Susan Merrill at FINRA (H); Letter to Michael Banyas at Florida OFR (I).

10. Describe how and from whom the complainant obtained the information that supports this claim. If any information was obtained from an attorney or in a communication where an attorney was present, identify such information with as much particularity as possible. In addition, if any information was obtained from a public source, identify the source with as much particularity as possible. Attach additional sheets if necessary.

I was employed by Morgan Stanley and began marketing the notes to clients as directed by Morgan Stanley. Brokers were not told security was a surplus note. I obtained information through my employment. Subsequent information has been obtained through monitoring trade publications, public records requests, and the internet.

11. Identify with particularity any documents or other information in your submission that you believe could reasonably be expected to reveal your identity and explain the basis for your belief that your identity would be revealed if the documents were disclosed to a third party.

I have been involved in this matter since I inherited clients of a discharged Morgan Stanley employee. I have complained to various regulatory authorities, participated in mediation and arbitration, and been the subject of Wall Street Journal article.

12. Provide any additional information you think may be relevant.

Morgan Stanley misrepresented the surplus note to brokers and clients as a bond. It created the market for the product, and when the market collapsed, recommended that its customers continue to hold on to the investment. It subsequently agreed to a fine, without admitting to the sale of unregistered securities or that the product was misrepresented. It then made a less than diligent effort to publish the rescission offer to all customers. Only after the state fine did Morgan Stanley admit to sale of unregistered securities.

(Please see continuation of this answer on the following 4 pages.)

E. ELIGIBILITY REQUIREMENTS AND OTHER INFORMATION

1. Are you, or were you at the time you acquired the original information you are submitting to us, a member, officer or employee of the Department of Justice, the Securities and Exchange Commission, the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision; the Public Company Accounting Oversight Board; any law enforcement organization; or any national securities exchange, registered securities association, registered clearing agency, or the Municipal Securities Rulemaking Board?

YES ☐ NO ☒

2. Are you, or were you at the time you acquired the original information you are submitting to us, a member, officer or employee of a foreign government, any political subdivision, department, agency, or instrumentality of a foreign government, or any other foreign financial regulatory authority as that term is defined in Section 3(a)(52) of the Securities Exchange Act of 1934 (15 U.S.C. §78c(a)(52))?

YES ☐ NO ☒

3. Did you acquire the information being provided to us through the performance of an engagement required under the federal securities laws by an independent public accountant?

YES ☐ NO ☒

4. Are you providing this information pursuant to a cooperation agreement with the SEC or another agency or organization?

YES ☐ NO ☒

5. Are you a spouse, parent, child, or sibling of a member or employee of the SEC, or do you reside in the same household as a member or employee of the SEC?

YES ☐ NO ☒

6. Did you acquire the information being provided to us from any person described in questions 1 through 5?

YES ☐ NO ☒

7. Have you or anyone representing you received any request, inquiry or demand that relates to the subject matter of your submission (i) from the SEC, (ii) in connection with an investigation, inspection or examination by the Public Company Accounting Oversight Board, or any self-regulatory organization; or (iii) in connection with an investigation by the Congress, any other authority of the federal government, or a state Attorney General or securities regulatory authority?

YES ☐ NO ☒

8. Are you currently a subject or target of a criminal investigation, or have you been convicted of a criminal violation, in connection with the information you are submitting to the SEC?

YES ☐ NO ☒

9. If you answered "yes" to any of the questions 1 through 8, use this space to provide additional details relating to your responses. Use additional sheets if necessary.

"Continuation of Answer to Question #12"

THE BOTTOM LINE AS TO WHAT THIS SUBMISSION IS FOCUSED ON IS THIS. I HAVE BEEN THE SOLE WHISTLEBLOWER SINCE THE MATTER TOOK SHAPE BACK IN 2003. I USED EVERY SKILL I HAD TO INFORM AND ENCOURAGE EVERY LEVEL OF MORGAN STANLEY MANAGEMENT TO ADDRESS THE ISSUES WHICH WERE WELL CLOAKED BY THEM AND ADDITIONALLY BY FINRA, THE STATE OF FLORIDA AND APPARENTLY BY THE FULL COMPLIMENT OF THE NASAA MEMBERS.

I OFFERED NEW INFORMATION TO THE SEC AND MICHAEL FUCHS CONTAINED IN THE OFR JUNE 30, 2009 FLORIDA FILING, WHICH I WAS FINALLY ABLE TO UNCOVER ABOUT MAY 6, 2011 WELL AFTER THE DODD/FRANK ACT HAD BEEN ENACTED BACK IN 2010.

THE VIOLATIONS AND FRAUDULENT SALES OF THE SURPLUS NOTES ARE CLEAR AS ANY COMPLIANCE VIOLATIONS I HAVE HAD TO DEAL WITH DURING MY MANAGER YEARS AT EF HUTTON AND INDUSTRY ARBITRATOR YEARS WITH FINRA. SO, HOW BIG IS THIS PROBLEM AND WHAT AM I REQUESTING?

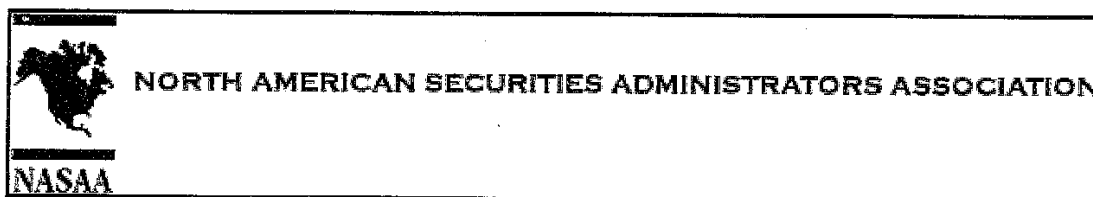
WE CAN SPEAK AT LENGTH BUT BETWEEN THE SURPLUS NOTES AND, THE AT LEAST 8 YEARS OF BLUE SKY VIOLATION SALES ON OTHER SECURITIES, INCLUDING THE INTEREST PENALTIES ASSOCIATED WITH THE VIOLATIONS, THE NUMBER I BELIEVE SHOULD BE WELL LARGER THAN \$750,000,000. I HAVE USED THE 5000+ TRANSACTION LIST PROVIDED TO ME FROM THE OFR IN FLORIDA TO EXTRAPOLATE THE NUMBER OF TRANSACTIONS VIOLATING THE BLUE SKY LAWS IN THE UNITED STATES DURING THIS PERIOD TO BE IN EXCESS OF 30,000.

THEREFORE, THE INVESTOR RECOVERY WILL BE SUBSTANTIAL. I EXPECT THAT YOU COULD USE A FACE TO FACE DISCUSSION WITH ME AND MY ATTORNEY GLENN WEBER, AND I LOOK FORWARD TO DISCUSSING IN DETAIL THE FULL MEASURE OF MISDEEDS BY THOSE WHO HAVE REFRAINED FROM THE COMPLIANCE OF RESCISSIONS WHICH SHOULD HAVE BEEN OFFERED TO INVESTORS A LONG TIME AGO.

I DID THE INVESTIGATING AND AM HANDING IT OVER TO THE AGENCY TO COMPLETE THIS LONG AND DIFFICULT PROCESS OF REVEALING ALL OF THE VIOLATIONS AND MANDATING RECOVERY. THIS HAS BEEN A LONG AND PAINFUL JOURNEY AND WHAT PRIMARILY HAS KEPT ME GOING IS THE CLARITY OF MY FORMER COLLEAGUES REPUTATIONS BEING SMEARED BY THEIR OWN FIRM AND THEY NOT EVEN KNOWING WHAT HAPPENED TO THEM.

THE EVIDENCE IS CLEAR AND THE PATH TO RECOVERY VISABLE. THE SEC IS IN BUSINESS TO PROTECT INVESTORS FROM ISSUES JUST LIKE THIS. see exhibit 1 (represented by all three regulatory agencies).

PLEASE FEEL FREE TO ASK ME TO INTERACT AND ASSIST AS SOON AS YOU CAN.



- [About Us](#)
- [Members Only](#)
- [Careers](#)
- [Investor Education](#)
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SEC, NASAA and FINRA Announce New Steps to Help Protect Senior Investors

Washington, D.C., February 8, 2008 – The Securities and Exchange Commission (SEC), the North American Securities Administrators Association (NASAA), and the Financial Industry Regulatory Authority (FINRA) today announced a new initiative as part of securities regulators' efforts to protect senior investors. The goal of the initiative is to identify effective practices used by financial services firms in dealing with senior investors, and to provide information about these practices publicly.

As regulators have increasingly focused on protecting older investors, many investment advisers and broker-dealer firms are evaluating their current practices in serving seniors. SEC staff, NASAA, and FINRA will solicit input from all interested parties in order to identify strong supervisory, compliance and other practices used by financial services firms serving seniors in the following areas: marketing and advertising to seniors; account opening; product and account review; ongoing review of the relationship and appropriateness of products; discerning and meeting the changing needs of customers as they age; surveillance and compliance reviews; and training for firm employees. The findings will be published so all firms can improve their service to older investors.

SEC Chairman Christopher Cox said, "It's important to maximize the cutting-edge practices being developed by financial services firms to ensure that America's senior investors are being protected and well-served by brokers, investment advisers, and others in the securities industry."

NASAA President Karen Tyler said, "Strong regulation and heightened investor awareness, combined

with effective industry compliance and supervisory systems, are necessary elements in the fight against senior investment fraud. Through this initiative we intend to spotlight successful industry practices from which others may benefit.”

FINRA Chief Executive Officer Mary Schapiro said, “Our senior population is growing at an unprecedented rate, making it critical that the securities industry and its regulators focus on the needs of these investors. This initiative will reinforce and expand recent efforts by FINRA, the SEC and NASAA to make certain the entire industry serves the needs of senior customers.”

It is not expected that there will be a “one-size-fits all” approach to effective practices in these areas, and there may be many different practices that are effective. The goal of the initiative is not to impose new regulatory requirements, but to help firms better meet their current obligations to, as well as more generally to serve, their senior customers.

This effort is one part of the multifaceted coordinated national initiative to protect seniors from investment fraud and sales of unsuitable securities that was announced by SEC Chairman Christopher Cox and NASAA, and FINRA (formerly the NASD and NYSE) in May 2006. The initiative has several components, including targeted examinations, enforcement of the securities laws in cases of fraud against seniors, and active investor education and outreach.

Since the start of this initiative, securities regulators have brought numerous enforcement actions against those who would prey on senior investors, initiated and completed a series of examinations of securities firms that offered “free lunch” sales seminars targeting seniors (report available at <http://www.sec.gov/spotlight/seniors/freelunchreport.pdf>), and sponsored numerous programs and events across the country to educate older investors on how to invest wisely and avoid costly mistakes.

FOR MORE INFORMATION:

SEC: John Nester, (202) 551-4120

NASAA: Bob Webster, (202) 737-0900

FINRA: Sarah Bohn, (202) 728-8988

2008 Headlines, Newsroom, Senior News & Alerts

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About Us	Investor Education	Issues & Advocacy	Regulatory & Legal	Industry Resources	NASAA Newsroom
Our Role	Saving & Investing	Testimony	Statements of Policy	Broker-Dealers	Current Headlines
NASAA History	NASAA Fraud Center	Comment Letters	Comment Letters	Corporation Finance	News Release Archive
Board of Directors	Retirement Planning	Legislative Agenda	Model Rules	Exams	Speeches
Membership Directory	Seniors	Dodd-Frank Information	NASAA Proposals	Investment Advisers	NASAA Insight
Sections & Project Groups	Adults & Families		Enforcement Directory	CRD & IARD	Member Newsrooms
Corporate Office	Women		Statements of Policy	Laws & Regulations	Annual Report
Careers	Youth & Educators		Legal Briefs	Uniform Forms	
Contact Your Regulator	Resource Library		ARS Information	Franchise	
	Investor Alerts & Tips			Ombudsman	

F. WHISTLEBLOWER'S DECLARATION

I declare under penalty of perjury under the laws of the United States that the information contained herein is true, correct and complete to the best of my knowledge, information and belief. I fully understand that I may be subject to prosecution and ineligible for a whistleblower award if, in my submission of information, my other dealings with the SEC, or my dealings with another authority in connection with a related action, I knowingly and willfully make any false, fictitious, or fraudulent statements or representations, or use any false writing or document knowing that the writing or document contains any false, fictitious, or fraudulent statement or entry.

Print name

Dana de Windt

Signature

Dana de Windt

Date

1/21/15

G. COUNSEL CERTIFICATION (If Applicable—See Instructions)

I certify that I have reviewed this form for completeness and accuracy and that the information contained herein is true, correct and complete to the best of my knowledge, information and belief. I further certify that I have verified the identity of the whistleblower on whose behalf this form is being submitted by viewing the whistleblower's valid, unexpired government issued identification (e.g., driver's license, passport) and will retain an original, signed copy of this form, with Section F signed by the whistleblower, in my records. I further certify that I have obtained the whistleblower's non-waivable consent to provide the Commission with his or her original signed Form TCR upon request in the event that the Commission requests it due to concerns that the whistleblower may have knowingly and willfully made false, fictitious, or fraudulent statements or representations, or used any false writing or document knowing that the writing or document contains any false fictitious or fraudulent statement or entry; and that I consent to be legally obligated to do so within 7 calendar days of receiving such a request from the Commission.

Signature

[Signature]

Date

1/21/15

Exhibit “G”

Glenn J. Webber, P.A.

101 SE Ocean Blvd., Suite 203, Stuart, FL 34994
Tel 772-287-5600 Fax 772-781-7561
www.webberlawfirm.com

November 14, 2014

Tony Taggart
Executive Director & Counsel
Morgan Stanley
1585 Broadway
New York, NY 10036

Dear Mr. Taggart:

I have been retained to represent Dana De Windt. I have reviewed the Morgan Stanley Website and Code of Ethics.

Every employee of Morgan Stanley is responsible for preserving and protecting Morgan Stanley's reputation for integrity and excellence. Morgan Stanley employees are expected to do more than follow the applicable rules.

Beginning in January of 2001, Morgan Stanley offered Surplus Notes issued by Lumbermens Mutual Casualty Company. The prospectus indicates that the notes were offered to qualified institutional buyers and to a limited number of institutional accredited investors. The notes were not registered in the U.S. Securities Act of 1933. There was no active market for the notes before the offering.

In August of 2007, FINRA fined Morgan Stanley \$1,500,000.00 and ordered restitution payments of \$4,600,000.00 to customers whom paid markups as high as 18% for Surplus Notes issued by Kemper Lumbermens. The applicable rules were not followed. The fine failed to address the fact that the notes were marketed as bonds, and that the notes were not registered.

The rescission letter references "operational errors" as the cause for selling unlicensed securities. The acceptance form describes the product as a Mutual Note, not a Surplus Note.

Morgan Stanley made restitution payments to 414 investors. How many customers purchased the notes? What efforts were made to advise customers of the rescission offer? How did those efforts compare with the communication efforts utilized in selling the notes?

The notes were marketed as bonds. In fact, as Surplus Notes, they were subordinated to all policyholder liabilities, and interest and principal payments could be made only with the prior approval of regulators after a determination that the company's

Tony Taggart
November 14, 2014
page 2

financial condition was sufficient to make the payment.

- Was this communicated to prospective purchasers?
- What was done to preserve and protect Morgan Stanley's reputation for integrity and excellence with this offering?
- Is the information contained within the prospectus accurate?
- Did Morgan Stanley make any untrue statements of material fact in marketing the notes?
- Do the notes meet the definition of bonds?
- If not, why wasn't this communicated to prospective investors?
- How many investors purchased the notes?
- How many of the investors received actual notice of the rescission offer?
- How much was raised in the offering of the notes?
- How much was refunded?
- Why didn't Morgan Stanley simply refund the funds into the investor accounts?
- How many non-institutional buyers purchased the notes?
- Were the notes registered with any state?

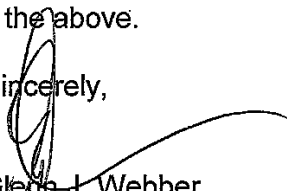
Morgan Stanley's Code Of Ethics and Business Conduct establish its commitment to integrity and high ethical standards in all that it does. It includes acting in the best interest of its clients by dealing fairly and honestly. The company pledges not to take advantage of anyone through manipulation, concealment, misrepresentation of material facts, or other unfair dealing or practices. The code recognizes the company's legal responsibility to provide accurate and complete information to the investing public.

Tony Taggert
November 14, 2014
page 3

In marketing the unregistered notes as bonds, Morgan Stanley missed the mark in acting with integrity and high ethical standards by not dealing with clients fairly and honestly, and in misrepresenting material facts.

Please contact me to discuss all of the above.

Sincerely,



Glenn J. Webber
For the Firm

GJW/ts

Exhibit “H”

Glenn J. Webber, P.A.

101 East Ocean Blvd., Suite 203, Stuart, FL 34994

Tel 772-287-5600 Fax 772-781-7561

January 21, 2015

Susan Merrill
Executive Vice President/ Chief of Enforcement
FINRA
1735 K Street
Washington, DC 20006

Dear Ms. Merrill:

According to its website, "FINRA works every day to insure that every investor receives the basic protection they deserve." Its mission is to protect the investor from fraud and bad practices. Security product advertising is to be truthful and not misleading. Investors are to receive complete product disclosure, before they purchase.

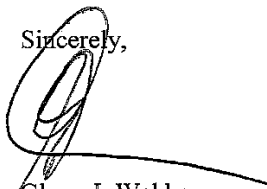
In 2001, Morgan Stanley began to market Kemper Lumbermen Surplus notes. The surplus notes were marketed as bonds, even though it was "unsecured and subordinated to all present and future indebtedness" and was not part of the legal liabilities of Lumbermens. In October of 2007, FINRA fined Morgan Stanley DW \$1,500,000.00 and ordered restitution of \$4,600,000.00+ for rule violations in the sale of corporate bonds to retail customers at excessive prices. Excessive mark ups were reported at 2,800+ transactions.

Morgan Stanley mailed rescission notices to Florida investors. The notice afforded only a 30 day opportunity for rescission. The notices were sent by regular mail. To our knowledge, no follow-up investigation was completed, and no further efforts were utilized to notify investors.

I have been advised that NASAA and Morgan Stanley subsequently reached an agreement for an additional settlement of \$8,500,000.00 involving the same securities.

As a result, investors initially received misleading information characterizing the notes as bonds. Complete pre-purchase product disclosure was not provided. When a rescission remedy was finally offered, Morgan Stanley was not policed. The notice efforts were incomplete, at best. As a result, the majority of the purchasers were not notified of the deceptive practices or of their opportunity to seek a rescission.

Sincerely,



Glenn J. Webber
For the Firm

GJW/hg

Exhibit “I”

Glen J. Weber, P.C.F.

101 East Ocean Blvd., Suite 203, Stuart, FL 34994

Tel 772-287-5600

Fax 772-781-7561

November 14, 2014

Mr. Michael Banyas
Ms. Pamela Epping
State of Florida
Office Of Financial Regulation
200 East Gaines Street
Tallahassee, FL 32399

Re: Dana De Windt

Dear Mr. Banyas and Ms. Epping:

I am submitting this letter as it relates to the sale of Kemper Lumbermen Surplus Notes by Morgan Stanley.

The Office Of Financial Regulation was created to protect citizens of Florida, and to promote a safe and sound financial marketplace. Florida's Investor Protection Act was enacted to enhance the state's rights to pursue, enforce and regulate securities fraud.

The Court Of Appeals in California has recognized that Congress intended to allow states to police the conduct of the selling of securities in their states, even if the offering itself was not subject to state review or approval. See *Capital Research v. Brown*, 147 Cal. App 4th 58, 53 Cal. Rptr 3d 770 (Cal. App. 2007).

Beginning in January of 2001, Morgan Stanley began representing to brokers and clients that Kemper Lumbermen Surplus Notes were, in fact, bonds. Morgan Stanley was the only firm involved in the pricing and marketing of the "notes" through 2003. In reality, the "notes" were unsecured and subordinated to all present and future indebtedness, and not part of the legal liabilities of Lumbermen's. The notes were rated "junk" by all four rating agencies.

The prospectus for the notes indicate that they were offered to qualified institutional buyers, and to a limited number of institutional accredited investors. The notes were not registered under the U.S. Securities Act of 1933. There was no market for the notes before the offering. They were not listed on any trading system or in any exchange.

Brokerage statements and trade confirmations for the Kemper Lumbermen Surplus Notes do not include a proper description of the security. Additional securities sold for over eight years in violation of Blue Sky Laws.

Michael Banyas
Pamela Epping
November 14, 2014
page 2

Florida Statute 517.301 makes it unlawful for a person to employ any device to defraud, to obtain money by means of an untrue statement of a material fact, to engage in any transaction which operates as fraud or deceit upon a person.

Florida Statute 517.191 authorizes the state to apply to the court for an Order directing a defendant to make restitution of those sums obtained in violation of Chapter 517.

On October 1, 2008 Morgan Stanley made a rescission offer. In their communication, Morgan Stanley reported that the sales of the unlicensed securities was due to "operational errors." The acceptance form described the product as a mutual note, not a surplus note.

Morgan Stanley made restitution of \$8,460,966.52 to 414 investors of the Surplus Notes. However, the rescission offers were made by regular mail only.

In light of Chapter 517 several questions come to mind:

- How many investors purchased the notes?
- How many Florida investors purchased the notes?
- What efforts were made to ensure that all purchasers received notice of the rescission offer?
- What efforts were made to ensure that all Florida purchasers received notice of the rescission offer?
- How did the communication methods utilized in the rescission offer compare with the communication methods utilized with sales efforts?
- Was the prospectus obtained?
- Is the information contained in the prospectus accurate?
- Did Morgan Stanley make any untrue statements of material fact in marketing the notes?

Michael Banyas
Pamela Epping
November 14, 2014
page 3

- Why wasn't Morgan Stanley simply required to refund the payments to the investor accounts?
- Were the notes registered with the State of Florida?
- How many Florida investors received actual notice of the rescission offer?
- How many Florida investors are aware that Morgan Stanley marked unregistered notes as bonds?

I have enclosed excerpts from the prospectus for the Surplus Notes. Please call me to discuss all of the above.

Sincerely,



Glenn J. Webber
For the Firm

GJW/ts
Enclosures