

**Money flows from Wall St. analysts settlement fund**  
**Wed Dec 21, 2005 5:00 PM ET**

WASHINGTON, Dec 21 (Reuters) - Money began flowing on Wednesday from the \$440 million victims' fund set up under a massive 2003 legal settlement over misconduct by Wall Street stock analysts, U.S. officials said.

A month ahead of schedule, the fund started sending checks ranging from as small as \$100 to as large as \$15 million to investors in all 50 states, the District of Columbia and 25 foreign countries, officials said.

Between 15,000 and 20,000 checks will be distributed, said Francis McGovern, the fund administrator and Duke University law professor, who developed the distribution plan for the Securities and Exchange Commission.

"It's quite rewarding to think the money is going to investors. The disappointing aspect to me is that only about 50 percent of people to whom we sent claim forms responded," McGovern said in an interview.

The settlement ended one of the most embarrassing and damaging episodes ever to hit Wall Street.

In sweeping investigations, the SEC, New York Attorney General Eliot Spitzer and other state regulators revealed that some stock analysts -- chiefly during the 1990s technology and telecommunications stock bubble -- published slanted research to drum up and retain investment banking business for their brokerages.

In the subsequent settlement, brokerages agreed to pay a total of \$1.5 billion and clean up their research operations.

Some of the money is going to fund investor education, some to help pay for more independent stock research.

About \$500 million went to the states, which lacked a central plan for reimbursing investors and declined an offer from the SEC to participate in the federal victims' fund. Under the federal plan, investors were eligible for money if they bought certain stocks through one of the brokerages involved during a certain period and lost money. Dozens of stocks were covered by the settlement. Among them were tech bubble casualties such as Global Crossing Ltd. and Winstar Communications Inc., and collapsed telecoms group WorldCom Inc., as well as financially strong companies such as software maker Oracle Corp. Eligible sales periods varied from early 1999 to mid-2002. Brokerages paying into the fund included Credit Suisse First Boston, Goldman Sachs Group Inc., Morgan Stanley, Lehman Brothers Holdings Inc. and Citigroup.