

**SEC Charges Operators of Reserve Primary Fund With Fraud
Commission Seeks Expedited Distribution of Fund's Remaining Assets to Investors
FOR IMMEDIATE RELEASE
2009-104**

Washington, D.C., May 5, 2009 — The Securities and Exchange Commission today filed fraud charges against several entities and individuals who operate the Reserve Primary Fund for failing to provide key material facts to investors and trustees about the fund's vulnerability as Lehman Brothers Holdings, Inc. sought bankruptcy protection.

In bringing the enforcement action, the SEC also seeks to expedite the distribution of the fund's remaining assets to investors.

In a complaint filed in U.S. District Court for the Southern District of New York, the agency is asking the court to enter an order compelling a pro rata distribution of remaining fund assets, which would release a significant amount of money that is currently being withheld from investors pending the outcome of numerous lawsuits against the fund, the trustees and other officers and directors of the Reserve entities.

"We're taking the lead in this matter because we want to get money back into the pockets of the investors as quickly as possible," said SEC Chairman Mary L. Schapiro. "Through this action, we hope to avoid inconsistent rulings regarding a finite pool of money and assure a fair result."

The Reserve Primary Fund "broke the buck" on Sept. 16, 2008, when its net asset value fell below \$1 per share, meaning investors in the money market fund would lose money.

The SEC alleges that the Reserve Management Company, Inc. (RMCI), its Chairman Bruce Bent Sr., its Vice Chairman and President Bruce Bent II, and Resrv Partners, Inc., failed to provide key material information to investors, the fund's board of trustees, and rating agencies as Lehman Brothers filed for bankruptcy protection on September 15.

"As we alleged in our complaint, the fund's managers turned a blind eye to investors and the reality of the situation at hand before the fund broke the buck last September," added Chairman Schapiro.

The fund, which held \$785 million in Lehman-issued securities, became illiquid on September 15 when the fund was unable to meet investor requests for redemptions.

"Fund managers have serious obligations to keep their trustees and investors informed in both good times and bad, and cannot choose to reveal only favorable facts," said James A. Clarkson, Acting Director of the SEC's New York Regional Office.

According to the SEC's complaint, the defendants misrepresented that RMCI would provide the credit support necessary to protect the \$1 net asset value of the Primary Fund when, in fact, RMCI had no such intention.

The SEC alleges that RMCI significantly understated the volume of redemption requests received by the fund and failed to provide the trustees with accurate information concerning the value of Lehman securities. Because of these misrepresentations and omissions, the fund was unable to strike a meaningful hourly net asset value as required by the fund's prospectus.

The SEC's complaint seeks a final judgment ordering the defendants to pay financial penalties and disgorgement of ill-gotten gains plus prejudgment interest, and enjoining them from future violations of the federal securities laws.