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## Merrill Lynch to pay \$2.5 mln to settle SEC email allegations

*By Siobhan Hughes*

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**WASHINGTON (MarketWatch) -- Merrill Lynch & Co. (MER) agreed to pay \$2.5 million to settle allegations that it failed to produce email records promptly, the Securities and Exchange Commission said on Monday.**

Federal regulators had accused Merrill Lynch of repeatedly failing to furnish email from October 2003 through February 2005. The SEC also said that New York-based Merrill Lynch had failed to retain certain business-related emails and that its policies and procedures designed for the prompt production of email were deficient.

The SEC didn't say why it had requested the emails. Mark Herr, a Merrill Lynch spokesman, said "we have acknowledged that our email retrieval systems need to be improved and we have done so. We believe we now have the capacity to respond to regulatory requests in a timely fashion."

Brokerage firms are required to keep email for three years. Wall Street has long complained that the SEC's email retention and production policies are too broad and strain the limits of existing technology.

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