

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

KATRINA S. WEAVER, On Behalf of Herself
And All Others Similarly Situated,

Civil Action No.

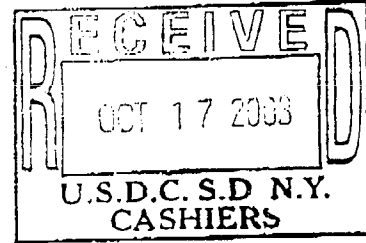
CLASS ACTION COMPLAINT

Plaintiff,

vs.

03 JURY TRIAL DEMANDED
CV 8256

NATIONS CAPITAL GROWTH FUND,
NATIONS MARSICO 21ST CENTURY FUND,
NATIONS MARSICO FOCUSED EQUITIES
FUND, NATIONS MARSICO GROWTH FUND,
NATIONS MIDCAP GROWTH FUND,
NATIONS SMALL COMPANY FUND,
NATIONS STRATEGIC GROWTH FUND,
NATIONS ASSET ALLOCATION FUND,
NATIONS MIDCAP VALUE FUND, NATIONS
SMALLCAP VALUE FUND, NATIONS VALUE
FUND, NATIONS GLOBAL VALUE FUND,
NATIONS INTERNATIONAL EQUITY FUND,
NATIONS INTERNATIONAL VALUE FUND,
NATIONS MARSICO INTERNATIONAL
OPPORTUNITIES FUND, NATIONS BOND
FUND, NATIONS GOVERNMENT
SECURITIES FUND, NATIONS HIGH YIELD
BOND FUND, NATIONS INTERMEDIATE
BOND FUND, NATIONS SHORT-
INTERMEDIATE GOVERNMENT FUND,
NATIONS SHORT-TERM INCOME FUND,
NATIONS STRATEGIC INCOME FUND,
NATIONS CA INTERMEDIATE MUNICIPAL
BOND FUND, NATIONS CA MUNICIPAL
BOND FUND, NATIONS FL INTERMEDIATE
MUNICIPAL BOND FUND, NATIONS FL
MUNICIPAL BOND FUND, NATIONS GA
INTERMEDIATE MUNICIPAL BOND FUND,
NATIONS INTERMEDIATE MUNICIPAL
BOND FUND, NATIONS KANSAS
MUNICIPAL INCOME FUND, NATIONS MD
INTERMEDIATE MUNICIPAL BOND FUND,



[Caption continued on next page]

Nations Funds. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal class action on behalf of a class (the "Class") consisting of all persons other than defendants who purchased or otherwise acquired shares or other ownership units of one or more of the mutual funds in the Nations Funds, Inc. family of funds (*i.e.*, the Nations Funds as defined in the caption above) between October 1, 1998 and July 3, 2003, inclusive, (the "Class Period") and who were damaged thereby. Plaintiff seeks to pursue remedies under the Securities Act of 1933 (the "Securities Act"), the Securities Exchange Act of 1934 (the "Exchange Act"), and the Investment Advisers Act of 1940 (the "Investment Advisers Act").

2. This action charges defendants with engaging in an unlawful and deceitful course of conduct designed to improperly financially advantage defendants to the detriment of plaintiff and the other members of the Class. As part and parcel of defendants' unlawful conduct, the Fund Defendants, as defined below, in clear contravention of their fiduciary responsibilities and disclosure obligations, failed to properly disclose that a few favored customers were improperly allowed to "time" their mutual fund trades in exchange for paying large maintenance fees and other remuneration to the Fund Defendants. "Timing," as more fully described herein, improperly allows an investor to trade in and out of a mutual fund to exploit short-term moves and inefficiencies in the manner in which the mutual funds price their shares. In addition, select investors were illegally allowed to engage in "late trading," a practice in which an investor may place an order to purchase mutual fund shares after 4:00 p.m. and have that order filled at that day's closing net asset value, in violation of the securities laws.

3. As a result of the wrongful and illegal misconduct described herein, defendants have caused plaintiff and members of the Class to suffer damages.

JURISDICTION AND VENUE

4. This Court has jurisdiction over the subject matter of this action pursuant to §27 of the Exchange Act of 1934 (15 U.S.C. § 78aa); Section 22 of the Securities Act (15 U.S.C. § 77v); Section 80b-14 of the Investment Advisers Act (15 U.S.C. § 80b-14); and 28 U.S.C. §§ 1331, 1337.

5. Many of the acts charged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this District. Defendants conducted other substantial business within this District and many Class members reside within this District. Many of the Defendants maintain their principal place of business within this District.

6. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

7. Plaintiff Katrina Weaver, as set forth in her certification, which is attached hereto and incorporated by reference herein, purchased units of the Nations Asset Allocation Fund during the Class Period and has been damaged thereby.

8. The Nations Asset Allocation Fund is designed for long-term investors. The Fund's Prospectus defines the Fund's primary objective as "long-term growth from capital appreciation, and dividend and interest income."

9. Each of the mutual funds in the Nations Funds family of funds, including the Nations Asset Allocation Fund, is a mutual fund that is regulated by the Investment Company Act of 1940 and that buys, holds, and sells shares or other ownership units that are subject to the misconduct alleged in this complaint. The Nations Funds are managed by defendant Banc of America Capital Management, L.P.

10. Bank of America Corporation ("Bank of America") is a bank and financial holding company that is incorporated in Delaware with its principal place of business in Charlotte, North Carolina. Bank of America is the ultimate parent of the Nations Funds and the parent company of, and controls, BACAP (as defined below) and the Nations Funds, Inc.

11. Banc of America Advisors, LLC ("BA Advisors") was registered as an investment adviser under the Investment Advisers Act and managed and advised the Nations Funds until January 1, 2003. During this period, BA Advisors had ultimate responsibility for overseeing the day-to-day management of the Nations Funds. BA Advisors is located at One Bank of America Plaza, Charlotte, North Carolina 28255.

12. Defendant Banc of America Capital Management, LLC ("BACAP"), the successor to BA Advisors, is registered as an investment adviser under the Investment Advisers Act. BACAP manages and advises the Nations Funds. BACAP has ultimate responsibility for overseeing the day-to-day management of the Nations Funds. BACAP is located at One Bank of America Plaza, Charlotte, North Carolina 28255. BACAP replaced BA Advisors as the investments adviser to the Nations Funds on January 1, 2003. (Hereinafter, the advisers to the Nations Funds – BACAP and BA Advisors – shall be referred to as BACAP).

13. Defendant Nations Fund, Inc. is the registrant and issuer of the shares of the Nations Funds, and was an active participant in the unlawful scheme alleged herein. Nations Fund, Inc. is incorporated in Maryland.

14. Bank of America, BACAP, Nations Funds, Inc. and the Nations Funds are referred to collectively herein as the "Fund Defendants."

15. Defendant Robert H. Gordon ("Gordon") was the President of Defendant BACAP, and since March 31, 2003, President of Nations Funds, until he was fired September 12, 2003 for his role in the wrongdoing alleged herein. Gordon was an active participant in the unlawful scheme alleged herein.

16. Defendant Theodore C. Sihpol, III ("Sihpol") was a broker in the high-net worth group of Banc of America Securities, LLC in Manhattan, New York, until he was fired September 12, 2003 for his role in the wrongdoing alleged herein. On September 16, 2003, Sihpol was charged with larceny and criminal securities fraud by New York State Attorney General Eliot Spitzer, and a civil enforcement action by the Securities and Exchange Commission ("SEC"), in connection with his role in the wrongdoing alleged herein. Sihpol was an active participant in the unlawful scheme alleged herein.

17. Defendant Charles D. Bryceland ("Bryceland") was the manager of the Banc of America Securities branch at which Sihpol worked and was Sihpol's superior until Bryceland was fired on September 12, 2003 for his role in the wrongdoing alleged herein. Bryceland was an active participant in the unlawful scheme alleged herein.

18. Gordon, Sihpol, and Bryceland are referred to collectively herein as the "Fund Individual Defendants."

19. Defendant Canary Capital Partners, LLC, is a New Jersey limited liability company with offices at 400 Plaza Drive, Secaucus, New Jersey. Canary Capital Partners, LLC, was an active participant in the unlawful scheme alleged herein.

20. Defendant Canary Investment Management, LLC, is a New Jersey limited liability company, with offices at 400 Plaza Drive, Secaucus, New Jersey. Canary Investment Management, LLC, was an active participant in the unlawful scheme alleged herein.

21. Defendant Canary Capital Partners, Ltd., is a Bermuda limited liability company. Canary Capital Partners, Ltd., was an active participant in the unlawful scheme alleged herein.

22. Defendant Edward J. Stern ("Stern") is a resident of New York, New York. Stern was the managing principal of Canary Capital Partners, LLC, Canary Investment Management, LLC, and Canary Capital Partners, Ltd., and was an active participant in the unlawful scheme alleged herein.

23. Defendants Canary Capital Partners, LLC; Canary Capital Partners, Ltd.; Canary Investment Management, LLC; and Stern are collectively referred to herein as the "Canary Defendants."

24. The true names and capacities of defendants sued herein as John Does 1 through 100 are other active participants with the Fund Defendants in the widespread unlawful conduct alleged herein whose identities have yet to be ascertained. Such defendants were secretly permitted to engage in improper timing at the expense of ordinary Nations Funds investors, such as plaintiff and the other members of the Class, in exchange for which the John Doe defendants provided remuneration to the Fund Defendants. Plaintiff

will seek to amend this complaint to state the true name and capacities of said defendants when they have been ascertained.

SUBSTANTIVE ALLEGATIONS

Background: Timed Trading and Its Effect on Long-Term Investors

25. Mutual funds, including the Nations Funds, are meant to be long-term investments and are therefore the favored savings vehicles for many Americans' retirement and college funds.

26. "Timing" is an arbitrage strategy involving short-term trading that can be used to profit from mutual funds use of "stale" prices to calculate the value of securities held in the funds' portfolio. These prices are "stale" because they do not necessarily reflect the "fair value" of such securities as of the time the Net Asset Value, or "NAV," is calculated. A typical example is a U.S. mutual fund that holds Japanese securities. Because of the time zone difference, the Japanese market may close at **2 a.m.** New York time. If the U.S. mutual fund manager uses the closing prices of the Japanese securities in his or her fund to arrive at an NAV at **4 p.m.** in New York, he or she is relying on market information that is fourteen hours old. If there has been positive market moves during the New York trading day that will cause the Japanese market to rise when it later opens, the stale Japanese prices will not reflect them, and the fund's NAV will be artificially low. Put another way, the NAV would not reflect the true current market value of the stocks the fund holds. This and similar strategies are known as "time zone arbitrage."

27. A similar type of timing is possible in mutual funds that contain illiquid securities such as high-yield bonds or small capitalization stocks. Here, the fact that some of the Nations Funds' underlying securities may not have traded for hours before the New York

closing time can render the fund's NAV stale and thus open it to being timed. This is sometimes known as "liquidity arbitrage."

28. Effective timing captures an arbitrage profit that comes dollar-for-dollar out of the pockets of the long-term investors the timer steps in at the last moment and takes part of the buy-and-hold investors' upside when the market goes up, so the next day's NAV is reduced for those who are still in the fund. If the timer sells short on bad days – as Canary also did – the arbitrage has the effect of making the next day's NAV lower than it would otherwise have been, thus magnifying the losses that investors are experiencing in a declining market.

29. Besides the wealth transfer of arbitrage (called "dilution"), timers also harm their target funds in a number of other ways. They impose their transaction costs on the long-term investors. Trades necessitated by timer redemptions can also result in the realization of taxable capital gains at an undesirable time, or may result in managers having to sell stock into a falling market.

30. It is widely acknowledged that timing inures to the detriment of long-term mutual fund shareholders and, because of this detrimental effect, most mutual funds prohibit the practice. In the registration statements and prospectuses pursuant to which plaintiff and the other Class members purchased their shares or other ownership units in the Nations Funds (collectively referred herein as the "Prospectuses"), defendants stated that timing is monitored and that the Fund Defendants work to prevent it. As will be set forth below, these statements were materially false and misleading because, not only did the Fund Defendants allow the Canary and John Doe Defendants to time their trades, but they actively facilitated the timing arbitrage strategy and sought to profit and did profit from it.

Illegal Late Trading and its Effect on Investors

31. "Late trading" is another practice that exploits the unique way mutual fund shares are priced, but one that is in fact illegal, and has been since 1968.

32. Mutual funds are valued once a day, usually at 4:00 p.m. EST, when the New York market closes. The NAV generally reflects the closing prices of the securities that comprise a given fund's portfolio, plus the value of any cash that the fund manager maintains for the fund. A mutual fund stands ready to buy or sell (the mutual fund industry refers to sales as "redemptions") its shares at the NAV with the public all day, any day – but unlike a stock, the price of a mutual fund does not change during the course of the day. Accordingly, orders placed at any time during the trading day up to the 4:00 p.m. cutoff get that day's NAV, but an order placed at 4:01 p.m. or thereafter receives the next day's NAV. This is the rule of "forward pricing," which became law in 1968. See 17 C.F.R. § 270.22c-1(a).

33. This "forward pricing" system is supposed to assure a level playing field for investors. Mutual fund investors do not know the exact price at which their mutual fund orders will be executed at the time they place the orders (unlike stock investors) because NAVs are calculated after the market closes. Thus, all investors have the same opportunity to assemble "pre-4:00 p.m. information" before they buy or sell. And no investor has (or at least is supposed to have) the benefit of "post-4:00 p.m. information" prior to making an investment decision. The importance of this information becomes clear when, for example, there is an event after 4:00 p.m. (like an unexpectedly positive corporate earnings announcement) that makes it highly probable that the market for the stocks in a given fund will open sharply higher the next day. Forward pricing ensures fairness those who bought the fund before the good news came out will enjoy a gain; those who buy shares in the fund

after the announcement will have to wait until the next day to buy their shares and will not share in the profit.

34. An investor who has the ability to avoid forward pricing and buy at the prior NAV has an enormous (and illegal) advantage. He or she can wait until after the market closes for significant positive (or negative) news to come out, and then buy (or sell) the fund at the old NAV that does not reflect the impact of the new information. When the market's digestion of the information is reflected the next day, the late trader can realize a profit based solely on the privilege of making an illegal late trade. Late trading has been analogized to "betting today on yesterday's horse races."

35. The late trader's arbitrage profit comes dollar for dollar out of the mutual fund that the late trader buys or sells. In essence, the late trader is being allowed into the fund after it is closed for the day to participate in a profit that would otherwise belong completely to the fund's long-term investors. When the late trader redeems his shares and claims his profit, the mutual fund manager has either to sell stock or use cash on hand – stock and cash that used to belong to the fund's long-term investors – to give the late trader his gain. Late trading is thus a zero-sum game the late trader's gain is the long-term investor's loss. The forward pricing rule was enacted to prevent exactly this kind of abuse.

**Defendants' Fraudulent Scheme: Secret Timed Trading and Illegal
Late Trading in Exchange for Fees and Other Remuneration**

36. Unknown to investors, from at least as early as October 1, 1998 and until July 3, 2003, inclusive, defendants engaged in fraudulent and wrongful schemes that enabled certain favored investors like the Canary Defendants to reap many millions of dollars in profits at the expense of plaintiff and other members of the Class, through improper, secret timed trading and illegal late trading.

37. In exchange for allowing and facilitating this wrongful conduct, the Fund Defendants received substantial fees and other remuneration for themselves and their affiliates to the detriment of plaintiff and other members of the Class who knew nothing of these illicit arrangements. Specifically, BACAP, as manager of the Nations Funds, and each of the relevant fund managers, profited from fees BACAP charged to the Nations Funds that were measured as a percentage of the fees under management.

38. In exchange for the right to engage in timing, which hurt plaintiff and other Class members by artificially and materially affecting the value of the Nations Funds, the Canary Defendants, and the John Doe Defendants, agreed to park substantial assets (sometimes referred to as “sticky assets” or “static assets”) in the Funds, thereby increasing the assets under Nations Funds’ management and the fees paid to Nations Funds’ managers.

39. The synergy between the Fund Defendants and the Canary Defendants hinged on ordinary investors’ misplaced trust in the integrity of mutual fund companies and allowed defendants to profit handsomely at the expense of plaintiff and other members of the Class.

The Prospectuses Were Materially False and Misleading

40. Plaintiff and each of the Class members purchased shares or other ownership units in Nations Funds pursuant to a Prospectus. Prior to investing in any of the Nations Funds, including the Nations Asset Allocation Fund, plaintiff and each member of the Class were entitled to and did receive a Prospectus for the Fund, each of which contained substantially the same materially false and misleading statements regarding the Nations Funds’ policies on fund pricing, late trading, and timed trading.

41. The Prospectuses falsely stated that BACAP actively safeguarded shareholders from the harmful effects of timing. For example, in language that typically appeared in the Prospectuses, the August 1, 2002 Nations Index Funds Prospectus

acknowledged that "market timing" is harmful to shareholders and represented that the Nations Funds deters the practice, stating as follows

The interests of a Fund's long-term shareholders and its ability to manage its investments may be adversely affected when its shares are repeatedly bought and sold in response to short-term market fluctuations – also known as "market timing." The exchange privilege is not intended as a vehicle for market timing. Excessive exchange activity may interfere with portfolio management and have an adverse effect on all shareholders. When BACAP believes frequent trading would have a disruptive effect on a Fund's ability to manage its investments, a Fund may reject purchase orders and exchanges by any person, group or account that is believed to be a market timer.

42. In an effort to discourage frequent trading, mutual funds may impose a redemption fee if shares are sold or exchanged within a prescribed time. Certain of the Prospectuses represented that a redemption fee may apply if the shares are sold or exchanged within 90 days of purchase

In order to limit excessive exchange activity and otherwise promote the best interests of the Funds, the International/Global Stock Funds may assess a 2.00% redemption fee on the proceeds of Fund shares that are purchased after August 1, 2002 and are redeemed (either by selling shares or exchanging into another Fund) within 90 days of their purchase.

43. In addition, the Prospectuses contained materially false and misleading statements with respect to how shares are priced, typically representing as follows

HOW SHARES ARE PRICED

All transactions are based on the price of a Fund's shares – or its net asset value per share. **We calculate net asset value per share for each class of each Fund at the end of each business day.** First, we calculate the net asset value for each class of a Fund by determining the value of the Fund's assets in the class and then subtracting its liabilities. Next, we divide this amount by the number of shares that investors are holding in the class. (emphasis added)

44. The Prospectuses, in explaining how orders are processed, typically represented that orders received before the end of a business day would receive that day's net asset value per share, while orders received after the market closed would receive the next business day's NAV, as follows

HOW ORDERS ARE PROCESSED

Orders to buy, sell or exchange shares are processed on business days. Orders received by BACAP Distributors, PFPC or their agents before the end of a business day (usually 4:00 p.m. Eastern time, unless the NYSE closes early) will receive that day's net asset value per share. Orders received after the end of a business day will receive the next business day's net asset value per share. The business day that applies to your order is also called the trade date. We may refuse any order to buy or exchange shares. If this happens, we'll return any money we've received to your selling agent. (emphasis added)

45. The Prospectuses failed to disclose and misrepresented the following material and adverse facts:

- a. that defendants had entered into an agreement allowing Canary and the John Doe defendants to time their trading of the Nations Funds shares and to "late trade" the Nations Funds;
- b. that, pursuant to that agreement, Canary and the John Doe Defendants regularly timed their trading and late traded in the Nations Funds shares;
- c. that, contrary to the express representations in the Prospectuses, the Nations Funds enforced their policy against frequent traders selectively, *i.e.*, they did not enforce it against Canary and waived the redemption fees, at Nations Funds' investors expense, that the Canary Defendants should have been required to pay, pursuant to Nations Funds' stated policies;

d. that the Fund Defendants regularly allowed Canary and the John Doe Defendants to engage in trades that were disruptive to the efficient management of the Nations Funds and/or increased the Nations Funds' costs and thereby reduced the Nations Funds' actual performance; and

e. that the amount of compensation paid by the Nations Funds to BACAP because of the Nations Funds' secret agreement with Canary and the John Doe Defendants provided additional undisclosed compensation to BACAP by the Nations Funds and their respective shareholders.

THE SCHEME IS REVEALED

46. On September 3, 2003, New York Attorney General Eliot Spitzer filed a complaint in New York Supreme Court that exposed the fraudulent and manipulative practices alleged herein (the "Spitzer Complaint"), charging the Canary Defendants with fraud in connection with the unlawful practices alleged herein and exposing the fraudulent and manipulative practices of the defendants with the particularity that had resulted from a full-scale confidential investigation. The Spitzer Complaint alleged *inter alia*, with regard to the misconduct alleged herein, as follows:

Canary engaged in late trading on a daily basis from in or about March 2000 until this office began its investigation in July of 2003. It targeted dozens of mutual funds and extracted tens of millions of dollars from them. During the declining market of 2001 and 2002, it used late trading to, in effect, sell mutual fund shares short. This caused the mutual funds to overpay for their shares as the market went down, serving to magnify long-term investors' losses. [. . .]

[Bank of America] (1) set Canary up with a state-of-the-art electronic trading platform [. . .] (2) gave Canary permission to time its own mutual fund family, the "Nations Funds," (3) provided Canary with approximately \$300 million of credit to finance this late trading and time, and (4) sold Canary derivative short positions it needed to time the funds as the market dropped.

In the process, Canary became one of Bank of America's largest customers. The relationship was mutually beneficial; Canary made tens of millions through late trading and timing, while the various parts of the Bank of America that serviced Canary made millions themselves.

47. The Spitzer Complaint further alleged that the Canary Defendants entered into agreements with numerous other mutual fund families allowing them to time many different mutual funds. Typically, the Canary Defendants would agree with the fund manager on target funds to be timed – often international and equity funds offering time zone or liquidity arbitrage – and then move the timing money quickly between those funds and a resting place in a money market or similar fund in the same fund family. By keeping the money – often many millions of dollars – in the family, Canary assured the manager that he or she would collect management and other fees on the amount whether it was in the target fund, the resting fund or moving in between. In addition, sometimes the manager would waive any applicable redemption fees. By doing so, the manager could, and did, directly deprive the fund of money that would have partially reimbursed the fund for the impact of trading.

48. As an additional inducement for allowing the timing, fund managers often received “sticky assets.” As set forth above, these were typically long-term investments made not in the mutual fund in which the timing activity was permitted, but in one of the fund manager's financial vehicles (e.g., a bond fund or a hedge fund run by the manager) that assured a steady flow of fees to the fund managers. In this regard, defendant Gordon, then co-president of BACAP, sent an e-mail to senior managers of BACAP as well as certain portfolio managers stating:

I've spoken to a number of you about this day trading exception. The account is for the Stern family, a significant and growing GCIB/Bank relationship. **Also, nice incentive of matching funds in the Short-Intmdt Gov't Fund . . .** thanks and let me know if there are any issues. (emphasis added)

49. Gordon subsequently confirmed that the Canary Defendants had invested \$20 million in sticky assets in the Nations Short-Intermediate Government Fund, e-mailed various BACAP managers that Canary was an “approved timer,” and forwarded the e-mail granting Canary a special market timing exception to the so-called “timing police” responsible for protecting the Nations Funds from market timers. Thus, in exchange for a “day trading exception,” (the ability to make timed trades), the Stern family (*i.e.*, the Canary Defendants) agreed, among other things, to maintain funds in the Nations Short-Intermediate Government Fund, thereby increasing the asset base upon which fund manager fees were based.

50. On September 4, 2003 *The Wall Street Journal* published a front-page story about the Spitzer Complaint under the headline “Spitzer Kicks Off Fund Probe With a \$40 Million Settlement,” in which the New York State Attorney General compared after-the-close trading to “being allowed to bet on a horse race after the race was over,” and which indicated that the fraudulent practices enumerated in the Spitzer Complaint were just the tip of the iceberg. In this regard, the article stated

“The late trader,” he said, “is being allowed into the fund after it has closed for the day to participate in a profit that would otherwise have gone completely to the fund’s buy-and-hold investors.”

In a statement, Mr. Spitzer said “the full extent of this complicated fraud is not yet known,” but he asserted that “the mutual-fund industry operates on a double standard” in which certain traders “have been given the opportunity to manipulate the system. They make illegal after-hours trades and improperly exploit market swings in ways that harm ordinary long-term investors.”

For such long-term investors, rapid trading in and out of funds raises trading costs and lowers returns; one study published last year estimated that such strategies cost long-term investors \$5 billion a year.

The practice of placing late trades, which Mr. Stern was accused of at Bank of America, also hurts long-term shareholders because it dilutes their gains, allowing latecomers to take advantage of events after the markets closed that were likely to raise or lower the funds' share price. (emphasis added).

51. *The Wall Street Journal* also reported that the Canary Defendants had settled the charges against them, agreeing to pay a \$10 million fine and \$30 million in restitution. On September 5, 2003, *The Wall Street Journal* reported that the New York Attorney General's Office had subpoenaed "a large number of hedge funds" and mutual funds as part of its investigation, "underscoring concern among investors that the improper trading of mutual-fund shares could be widespread" and that the SEC, joining the investigation, plans to send letters to mutual funds holding about 75% of assets under management in the U.S. to inquire about their practices with respect to market-timing and fund-trading practices.

52. On September 17, 2003, an article appeared in *The New York Times* stating that criminal charges had been filed against defendant Sihpol and that defendants Gordon, Sihpol and Bryceland had been fired from Bank of America. The article stated in pertinent part as follows:

A former broker at Bank of America was charged with larceny and securities fraud yesterday, accused of helping a hedge fund engage in after-hours trading of mutual fund shares.

The broker, Theodore C. Sihpol III, is the first to face criminal charges by the New York attorney general, Eliot Spitzer, since Mr. Spitzer began his far-ranging investigation of Wall Street practices. Given the greater burden of proof for criminal cases, Mr. Spitzer is displaying confidence in his case, securities lawyers said. Previous actions against Wall Street firms were civil suits that ended in settlements.

Along with the state attorney general's fraud charges, the Securities and Exchange Commission announced a civil enforcement action against Mr. Sihpol, seeking penalties, disgorgement of gains and potentially his ban from the securities industry. Mr. Sihpol's lawyer said he would fight the criminal

charges.

Both regulators indicated that they were actively investigating trading practices at mutual fund companies. "This is a widening and continuing investigation, which is likely to result in numerous other charges," Mr. Spitzer said yesterday at a news conference.

Just two weeks ago, Mr. Spitzer announced a \$40 million settlement with Canary Capital Partners, which he said had engaged in improper trades in mutual funds managed by Bank of America as well as funds managed by Bank One, Strong Capital and Janus.

Sihpol, 36, of New Canaan, Conn., was a broker with Bank of America's private client services group, which caters to wealthy individuals. At the request of Edward J. Stern, the manager of Canary, Mr. Sihpol arranged for the hedge fund to buy or sell mutual fund shares after the market had closed, but to process the trades based on the shares' value at 4 p.m., according to the regulators.

Ordinary investors who place an order after 4 p.m. get the next day's price. If some event after that time moved market prices, Mr. Stern was in a position to profit, while ordinary investors could not.

"This behavior is egregious, and we believe that, if proven, the facts demonstrate straightforward theft and larceny," Mr. Spitzer said in an interview yesterday.

53. Each defendant is liable for (i) making false statements, or for failing to disclose adverse facts while selling shares of the Nations Funds, and/or (ii) participating in a scheme to defraud and/or a course of business that operated as a fraud or deceit on purchasers of the Nations Funds shares during the Class Period (the "Wrongful Conduct"). This Wrongful Conduct enabled defendants to profit at the expense of plaintiffs and other Class members.

ADDITIONAL SCIENTER ALLEGATIONS

54. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Nations

Funds were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Nations Funds, their control over, and/or receipt and/or modification of Nations Funds' allegedly materially misleading misstatements and/or their associations with the Nations Funds which made them privy to confidential proprietary information concerning the Nations Funds, participated in the fraudulent scheme alleged herein.

55. Additionally, the Fund Defendants and the Fund Individual Defendants were highly motivated to allow and facilitate the wrongful conduct alleged herein and participated in and/or had actual know of the fraudulent conduct alleged herein. In exchange for allowing the unlawful practices alleged herein, the Fund Defendants and the Fund Individual Defendants received, among other things, increased management fees from sticky assets and other hidden compensation paid in the form of inflated interest payments on loans to the Canary and John Doe Defendants. Defendant Bryceland, manager of a Banc of America Securities, LLC branch, crowed about the illegal profits netted as a result of the wide-ranging participation of the Fund Defendants in an e-mail sent to, among other, Richard DeMartini, the head of all of defendant Bank of America's asset management businesses. The e-mail stated, in pertinent part

Accolades go to

*Rob Gordon and BACAP for giving access to BACAP funds for market timing activities (initial business we booked and not normally accepted by BACAP)

*[Private Bank executives] – [for] market timing transactions in

an expedited and extremely professional way.

*Ted Sihpol . . .for . . .appropriately drawing on the firm's [sic] resources to establish [the Canary relationship].

It is always nice to enter a new year with a success like this. Thanks to all team members who have contributed to this profitable relationship and for thinking across divisional lines to make money for the firm.

56. The Canary Defendants and John Doe Defendants were motivated to participate in the wrongful scheme by the enormous profits they derived thereby. They systematically pursued the scheme with full knowledge of its consequences to other investors.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

57. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all persons or entities who purchased or otherwise acquired shares or like interests in any of the Nations Funds, between October 1, 1998 and July 3, 2003, inclusive, and who were damaged thereby. Excluded from the Class are defendants, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

58. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by the Nations Funds and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

59. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

60. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

61. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are

- (a) whether the federal securities laws were violated by defendants' acts as alleged herein
- (b) whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and financial statements of the Nations Funds and the Fund Defendants; and
- (c) to what extent the members of the Class have sustained damages and the proper measure of damages.

62. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it virtually impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

VIOLATIONS OF THE SECURITIES ACT

FIRST CLAIM

Against Nations Fund, Inc. For Violations of Section 11 Of The Securities Act

63. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein, except that, for purposes of this claim, plaintiff expressly excludes and disclaims any allegation that could be construed as alleging fraud or intentional or reckless misconduct and otherwise incorporates the allegations contained above.

64. This claim is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77k, on behalf of the Class against Nations Fund, Inc.

65. Nations Fund, Inc. is the registrant for one or more the fund shares sold to plaintiff and the other members of the Class and is statutorily liable under Section 11. Nations Fund, Inc. issued, caused to be issued and participated in the issuance of the materially false and misleading written statements and/or omissions of material facts that were contained in the Prospectuses.

66. Prior to purchasing units of the Nations Asset Allocation Fund, plaintiff was provided the appropriate Prospectus, and, similarly, prior to purchasing units of each of the other Nations Funds, all Class members likewise received the appropriate prospectus. Plaintiff and the other Class members purchased shares of the Nations Funds traceable to the false and misleading Prospectuses.

67. As set forth herein, the statements contained in the Prospectuses were materially false and misleading for a number of reasons, including that they stated that it was the practice of the Nations Funds to monitor and take steps to prevent timed trading because of its adverse effect on fund investors, and that the trading price was determined as of 4 p.m.

each trading day with respect to all investors when, in fact, Canary and other select investors (the John Does named as defendants herein) were allowed to engage in timed trading and late trade at the previous day's price. The Prospectuses failed to disclose and misrepresented, *inter alia*, the following material and adverse facts

- a. that defendants had agreed to allow Canary to time its trading of the Nations Funds shares and to late trade;
- b. that, pursuant to that agreement, Canary regularly timed and late traded the Nations Funds shares;
- c. that, contrary to the express representations in the Prospectuses, the Nations Funds enforced their policy against frequent traders and late trading selectively, *i.e.*, they did not enforce it against Canary;
- d. that the Fund Defendants regularly allowed Canary to engage in trades that were disruptive to the efficient management of the Nations Funds and/or increased the Nations Funds' costs and thereby reduced the Nations Funds' actual performance; and
- e. the Prospectuses failed to disclose that, pursuant to the unlawful agreements, the Fund Defendants, Canary Defendants, and John Doe Defendants benefited financially at the expense of the Nations Funds investors including plaintiff and other members of the Class.

68. Plaintiff and the Class have sustained damages. The value of the Nations Funds shares decreased substantially subsequent to and due to defendants' violations.

69. At the time they purchased the Nations Funds shares traceable to the defective Prospectuses, plaintiff and Class members were without knowledge of the facts concerning the false and misleading statements or omission alleged herein and could not reasonably

have possessed such knowledge. This claim is brought within the applicable statute of limitations.

SECOND CLAIM

Against Bank of America and BACAP as Control Persons of Nations Fund, Inc. For Violations of Section 15 of the Securities Act

70. Plaintiff repeats and realleges each and every allegation contained above, except that for purposes of this claim, plaintiff expressly excludes and disclaims any allegation that could be construed as alleging fraud or intentional reckless misconduct and otherwise incorporates the allegations contained above.

71. This Claim is brought pursuant to Section 15 of the Securities Act against Bank of America and BACAP as control persons of Nations Fund, Inc. It is appropriate to treat these defendants as a group for pleading purposes and to presume that the false, misleading, and incomplete information conveyed in the Nations Funds' Prospectuses, public filings, press releases and other publications are the collective actions of Bank of America and BACAP.

72. Nations Fund, Inc. is liable under Section 11 of the Securities Act as set forth herein.

73. Each of Bank of America and BACAP was a "control person" of Nations Fund, Inc. within the meaning of Section 15 of the Securities Act, by virtue of its position of operational control and/or authority over Nations Fund, Inc. Bank of America and BACAP directly and indirectly, had the power and authority, and exercised the same, to cause Nations Fund, Inc. to engage in the wrongful conduct complained of herein. At the time plaintiff and other Class members purchased shares of the Nations Funds, Bank of America and BACAP, by virtue of their positions of control and authority over Nations Fund, Inc.,

had the power and authority, directly and indirectly, and exercised the same, to cause Nations Fund, Inc. to engage in the wrongful conduct complained of herein. Bank of America and BACAP caused to be issued, and participated in the issuance of materially false and misleading statements in the Prospectuses.

74. Pursuant to Section 15 of the Securities Act, by reason of the foregoing, Bank of America and BACAP are liable to plaintiff and the Class to the same extent as are Nations Fund, Inc. for their primary violations of Section 11 of the Securities Act.

75. By virtue of the foregoing, plaintiff and other Class members are entitled to damages against Bank of America and BACAP.

VIOLATIONS OF THE EXCHANGE ACT

APPLICABILITY OF PRESUMPTION OF RELIANCE FRAUD-ON-THE MARKET DOCTRINE

76. At all relevant times, the market for Nations Funds was an efficient market for the following reasons, among others

- a. The Nations Funds met the requirements for listing, and were listed and actively bought and sold through a highly efficient and automated market;
- b. As regulated entities, periodic public reports concerning the Nations Funds were regularly filed with the SEC;
- c. Persons associated with the Nations Funds regularly communicated with public investors *via* established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

d. The Nations Funds were followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

77. As a result of the foregoing, the market for the Nations Funds promptly digested current information regarding Nations Funds from all publicly available sources and reflected such information in the respective Nations Funds' NAV. Investors who purchased or otherwise acquired shares or interests in the Nations Funds relied on the integrity of the market for such securities. Under these circumstances, all purchasers of the Nations Funds during the Class Period suffered similar injury through their purchase or acquisition of Nations Funds securities at distorted prices that did not reflect the risks and costs of the continuing course of conduct alleged herein, and a presumption of reliance applies.

THIRD CLAIM

Violation Of Section 10(b) Of The Exchange Act Against And Rule 10b-5 Promulgated Thereunder Against All Defendants

78. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein except for Claims brought pursuant to the Securities Act.

79. During the Class Period, each of the defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did deceive the investing public, including plaintiff and other Class members, as alleged herein and caused plaintiff and other members of the Class to purchase Nations Funds shares or interests at distorted prices and to otherwise suffer damages. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

80. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Nations Funds' securities, including plaintiff and other members of the Class, in an effort to enrich themselves through undisclosed manipulative trading tactics by which they wrongfully appropriated Nations Funds' assets and otherwise distorted the pricing of their securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All defendants are sued as primary participants in the wrongful and illegal conduct and scheme charged herein.

81. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the Nations Funds' operations, as specified herein.

82. These defendants employed devices, schemes and artifices to defraud and a course of conduct and scheme as alleged herein to unlawfully manipulate and profit from secretly timed trading and thereby engaged in transactions, practices and a course of business which operated as a fraud and deceit upon plaintiff and members of the Class.

83. The defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing the truth.

84. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of Nations Funds securities were distorted during the Class Period such that they did not reflect the risks and costs of the continuing course of conduct alleged herein. In ignorance of these facts that market prices of the shares were distorted, and relying directly or indirectly on the false and misleading statements made by the Fund Defendants, or upon the integrity of the market in which the securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by defendants but not disclosed in public statements by defendants during the Class Period, plaintiff and the other members of the Class acquired the shares or interests in the Nations Funds during the Class Period at distorted prices and were damaged thereby.

85. At the time of said misrepresentations and omissions, plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had plaintiff and other members of the Class and the marketplace known of the truth concerning the Nations Funds' operations, which were not disclosed by defendants, plaintiff and other members of the Class would not have purchased or otherwise acquired their shares or, if they had acquired such shares or other interests during the Class Period, they would not have done so at the distorted prices which they paid.

86. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

87. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Nations Funds shares during the Class Period.

FOURTH CLAIM

Against Bank of America (as a Control Person of BACAP, Nations Fund, Inc. and the Nations Funds); BACAP (as a Control Person of Nations Fund, Inc. and the Nations Funds); and Nations Fund, Inc. (as a Control Person of the Nations Funds) For Violations of Section 20(a) of the Exchange Act

88. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein except for Claims brought pursuant to the Securities Act.

89. This Claim is brought pursuant to Section 20(a) of the Exchange Act against Bank of America, as a control person of BACAP, Nations Fund, Inc. and the Nations Funds; BACAP, as a control person of Nations Fund, Inc. and the Nations Funds; and Nations Fund, Inc., as a control person of the Nations Funds.

90. It is appropriate to treat these defendants as a group for pleading purposes and to presume that the materially false, misleading, and incomplete information conveyed in the Nations Funds' public filings, press releases and other publications are the collective actions of Bank of America, BACAP and Nations Fund, Inc.

91. Each of Bank of America, BACAP and Nations Fund, Inc. acted as controlling persons of the Nations Funds within the meaning of Section 20(a) of the Exchange Act for the reasons alleged herein. By virtue of their operational and management control of the Nations Funds' respective businesses and systematic involvement in the fraudulent scheme alleged herein, Bank of America, BA Advisers, BACAP, and Nations Fund, Inc. each had the power to influence and control and did influence and control, directly or indirectly, the decision-making and actions of the Nations Funds, including the content and dissemination of the various statements which plaintiff contends are false and misleading. Bank of America, BACAP and Nations Fund, Inc. had the ability to prevent the

issuance of the statements alleged to be false and misleading or cause such statements to be corrected.

92. In particular, each of Bank of America, BACAP and Nations Fund, Inc. had direct and supervisory involvement in the operations of the Nations Funds and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

93. As set forth above, Bank of America, BACAP and Nations Fund, Inc. each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, Bank of America, BACAP and Nations Fund, Inc. are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of Nations Funds securities during the Class Period.

VIOLATIONS OF THE INVESTMENT ADVISERS ACT

FIFTH CLAIM

For Violations of Section 206 of The Investment Advisers Act of 1940 Against BACAP [15 U.S.C. § 80b-6 and 15 U.S.C. § 80b-15]

94. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

95. This Count is based upon Section 215 of the Investment Advisers Act, 15 U.S.C. § 80b-15.

96. BACAP served as an "investment adviser" to plaintiff and other members of the Class pursuant to the Investment Advisers Act.

97. As a fiduciary pursuant to the Investment Advisers Act, BACAP was required to serve plaintiff and other members of the Class in a manner in accordance with the federal fiduciary standards set forth in Section 206 of the Investment Advisers Act, 15 U.S.C. §80b-6, governing the conduct of investment advisers.

98. During the Class Period, BACAP breached its fiduciary duties owed to plaintiff and the other members of the Class by engaging in a deceptive contrivance, scheme, practice and course of conduct pursuant to which it knowingly and/or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud upon plaintiff and other members of the Class. As detailed above, BACAP allowed the Canary and John Doe Defendants to secretly engage in timed trading of the Nations Funds shares. The purposes and effect of said scheme, practice and course of conduct was to enrich BACAP, among other defendants, at the expense of plaintiff and other members of the Class.

99. BACAP breached its fiduciary duties owed to plaintiff and other Class members by engaging in the aforesaid transactions, practices and courses of business knowingly or recklessly so as to constitute a deceit and fraud upon plaintiff and the Class members.

100. BACAP is liable as a direct participant in the wrongs complained of herein. BACAP, because of its position of authority and control over Nations Fund, Inc. was able to and did (1) control the content of the Prospectuses; and (2) control the operations of the Nations Funds.

101. BACAP had a duty to (1) disseminate accurate and truthful information with respect to the Nations Funds; and (2) truthfully and uniformly act in accordance with its stated policies and fiduciary responsibilities to plaintiff and members of the Class. BACAP

participated in the wrongdoing complained of herein in order to prevent plaintiff and other members of the Class from knowing of BACAP's breaches of fiduciary duties including:

a. increasing its profitability at plaintiff and other members of the Class' expense by allowing Canary and the John Doe Defendants to secretly time their trading of the Nations Funds shares; and

b. placing its interests ahead of the interests of plaintiff and other members of the Class.

102. As a result of BACAP's multiple breaches of its fiduciary duties owed to plaintiff and other members of the Class, plaintiff and other Class members were damaged.

103. Plaintiff and other Class members are entitled to rescind their investment advisory contracts with BACAP and recover all fees paid in connection with their enrollment pursuant to such agreements.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

- (d) Determining that this action is a proper class action and appointing plaintiff as Lead Plaintiff and her counsel as Lead Counsel for the Class and certifying her as Class representative under Rule 23 of the Federal Rules of Civil Procedure;
- (e) Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (f) Awarding plaintiff and the Class, to the extent they still hold shares of the Nations Funds, rescissory damages or, if sold, compensatory damages;
- (g) Awarding plaintiff and the Class rescission of their contract with BACAP and recovery of all fees paid to BACAP pursuant to such agreement;
- (h) Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

- (i) Such other and further relief as the Court may deem just and proper.

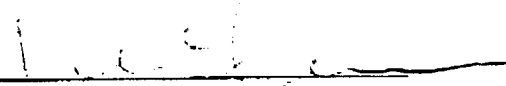
JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: October 17, 2003

Respectfully submitted,

**MILBERG WEISS BERSHAD
HYNES & LERACH, LLP**

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Attorneys for Plaintiff

CERTIFICATION PURSUANT TO THE FEDERAL SECURITIES LAWS

Katrina S. Weaver ("Plaintiff"), duly swears and says, as to the claims asserted under the federal securities laws, that:

1. I have reviewed a draft complaint to be filed on my behalf against Nations Funds, et al., I approve of its contents, and I authorize its filing.

2. I did not purchase the security that is the subject of this action at the direction of my counsel or in order to participate in this private action.

3. I am willing to serve as a representative plaintiff on behalf of the class, including providing testimony at deposition and trial, if necessary.

4. My transactions in the securities of Nations Asset Allocation Fund between and including October 1, 1998 through July 3, 2003 (the "Class Period") are as follows:

<u>PURCHASE OR SALE</u>	<u>DATE OF PURCHASE</u>	<u>SHARES</u>	<u>PRICE PER SHARE</u>
Nations Asset Allocation Fund	various	282.368	various

5. I have not sought to serve as a class representative in any other action filed under the United States federal securities laws in the past three (3) years preceding the date on which this certification is signed.

6. I have not and will not accept any payment for serving as representative plaintiffs on behalf of the class beyond our pro rata share of any recovery, or as ordered or approved by the court, including any award for reasonable costs and expenses (including lost wages) directly relating to the representation of the class.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed this 16 day of October, 2003, at YMC, Pleasant, South Carolina.

By: Katrina S. Weaver
KATRINA S. WEAVER



Brokerage account number:
Checking account number:

Bank of America

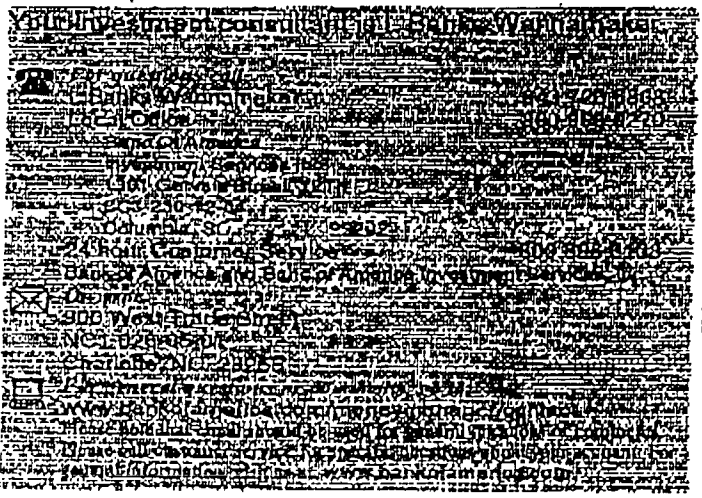


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Total asset value: \$16,972.17

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Brokerage account carried with National Financial Services LLC (NFS), member NYSE and SIPC.

Checking account carried with Bank of America

Customer name: **WEAVER K**
 Brokerage account number:
 Checking account number:



Activity Type

► **Brokerage activity, cont**

Date	Type	Transaction/Quantity	Description	Transaction amount (\$)	
09-30-03	Cash	Dividend received	NATIONS CASH RESERVES DAILY DIVIDEND RECEIVED		.71
09-30-03	Margin	Reinvestment 0.841	NATIONS ASSET ALLOC INV B REINVESTED @ \$18.24	8.86-	
TOTAL BROKERAGE ACTIVITY				\$94.86-	\$28.73

Portfolio Holdings

Brokerage holdings:
 Brokerage assets are offered through a Bank of America Investment Services, Inc. brokerage account carried by National Financial Services LLC (NFS), member NYSE and SIPC.

► **Money market fund sweep (19.0%)**

Description	Account type	Quantity	Price 09-30 (3)	Market value (\$)
NATIONS CASH RESERVES DAILY 7 DAY AVG NET YIELD .35% Symbol: NCRDX CUSIP: 63859B593	Cash	3,219.49	1.00	3,219.4
TOTAL MONEY MARKET FUND SWEEP				\$3,219.4

► **Stocks and other equities (11.8%)**

Description	Total cost basis (\$)	Account type	Quantity	Price 09-30 (3)	Market value (\$)
Stocks: DU PONT E I DE NEMOURS & CO Symbol: DD CUSIP: 263534109	3,172.10	Margin	50.00	40.07	2,000.4
TOTAL STOCKS AND OTHER EQUITIES					\$2,000.4

► **Mutual funds (89.2%)**

Description	Total cost basis (\$)	Account type	Quantity	Price 09-30 (3)	Market value (\$)
Stocks: NATIONS ASSET ALLOC INV B Symbol: NBASX CUSIP: 63858B428 Dividend option: Reinvest	6,484.16	Margin	282.360	18.28	5,157.1