STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES
BEFORE THE DIRECTOR OF THE
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

In the Matter of: **Morgan Stanley Charter Graham L.P.** **AND** **Morgan Stanley Spectrum Select L.P.** **Respondents.**	**S-09-0009** **ORDER TO CEASE AND DESIST** **AND** **CONSENT TO ENTRY OF ORDER**

WHEREAS the Director of the Department of Consumer and Business Services (hereinafter, the "Director") has conducted an investigation of certain business activities conducted by Morgan Stanley Charter Graham L.P. ("Morgan Stanley Charter Graham") and Morgan Stanley Spectrum Select L.P. ("Morgan Stanley Spectrum Select" and collectively with Morgan Stanley Charter Graham, the "Respondents"), and has determined that the Respondents offered and sold securities in the State of Oregon in violation of ORS 59.005 to 59.451, 59.991 and 59.995 (the "Oregon Securities Law"); and

WHEREAS the Respondents wish to resolve and settle this matter with the Director;

NOW THEREFORE, as evidenced by the authorized signatures subscribed on this Order, the Respondents hereby **CONSENT** to

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

entry of this Order to Cease and Desist upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter, which Respondents neither admit nor deny.

FINDINGS OF FACT

The Director **FINDS** that:

1. Morgan Stanley Charter Graham is a Delaware limited partnership organized on July 15, 1998. Its principal place of business is 522 Fifth Avenue, 13th Floor; New York, NY 10036.

2. Morgan Stanley Spectrum Select is a Delaware limited partnership organized on March 21, 1991. Its offices are co-located with Morgan Stanley Charter Graham's offices.

3. Demeter Management LLC ("Demeter Management") is the general partner of the Respondents. Demeter Management is a Delaware limited liability company formed on April 30, 2009, by conversion of Demeter Management Corporation, a Delaware corporation formed on August 18, 1977. It is registered with the Commodity Futures Trading Commission as a commodity pool operator and its offices are co-located with the Respondents' offices.

4. Walter Davis is the Director, Chairman, and President of Demeter Management.

5. Morgan Stanley Charter Graham submitted its initial application for registration by qualification of its units of limited partnership interest (the "Graham Units") to the Division of Finance and Corporate Securities ("DFCS") on or

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

about August 1998 (File #1998-0859). That registration became effective on November 6, 1998, simultaneously with effectiveness of Morgan Stanley Charter Graham's original registration statement filed with the U.S. Securities and Exchange Commission ("SEC").

6. Morgan Stanley Charter Graham annually renewed its Graham Units utilizing the procedures set forth under OAR 441-075-0020. As part of that annual renewal process, Morgan Stanley Charter Graham applied to renew THREE HUNDRED THOUSAND DOLLARS ($300,000) of Graham Units on October 7, 2008 and paid a renewal fee of THREE HUNDRED DOLLARS ($300). That renewal became effective on November 12, 2008. In effecting that filing, Morgan Stanley Charter Graham notified DFCS that: (i) $1,129,283.19 of Graham Units had been sold to Oregon residents at the 10 Monthly Closings held from November 30, 2007 through August 31, 2008; and (ii) the offering would terminate after the November 30, 2008 Monthly Closing; accordingly, the $300,000 of Graham Units registered with the DFCS for that one Monthly Closing exceeded the $112,928 average monthly amount of Graham Units reported sold in the prior registration period by approximately $187,072.

7. On January 9, 2009, Morgan Stanley Charter Graham informed DFCS that between November 12, 2008 and November 30, 2008 it had inadvertently sold an unanticipated total of FOUR HUNDRED FORTY-NINE THOUSAND DOLLARS ($449,000) of Graham Units,

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

which was ONE HUNDRED FORTY-NINE THOUSAND DOLLARS ($149,000) in excess of the quantity registered (and $336,072 in excess of the $112,928 average monthly amount of Graham Units reported sold in the prior registration period). Accordingly, Morgan Stanley Charter Graham attempted to retroactively amend its registration to add an additional $149,000 of Graham Units pursuant to ORS 59.070(2), 59.065(2), and OAR 441-065-0001(3) promulgated thereunder by filing an amended Uniform Application to Register Securities: Form U-1 ("Form U-1") and paying an amendment fee in the amount of ONE HUNDRED FORTY-NINE DOLLARS ($149).

8. Following notification by DFCS that an amendment to retroactively register securities sold in excess of the amount previously registered would have to be effected in accordance with ORS 59.065(4), on February 3, 2009 Morgan Stanley Charter Graham voluntarily filed an amended Form U-1, together with an additional amendment fee of TWO HUNDRED NINETY-EIGHT DOLLARS ($298), thereby submitting the requisite additional fee of $447 to retroactively register the $149,000 of excess Graham Units sold in accordance with ORS 59.065(4).

9. Morgan Stanley Spectrum Select submitted its initial application for registration by qualification of its units of limited partnership interest (the "Select Units") to DFCS on or about March 1998 (File #1998-0448). That registration became effective on May 11, 1998, simultaneously with effectiveness of

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

Morgan Stanley Spectrum Select's original registration statement filed with the SEC.

10. Morgan Stanley Spectrum Select annually renewed its Select Units utilizing the procedures set forth under OAR 441-075-0020. As part of that annual renewal process, Morgan Stanley Spectrum Select applied to renew SIX HUNDRED THOUSAND DOLLARS ($600,000) of Select Units on April 14, 2008 and paid a renewal fee of SIX HUNDRED DOLLARS ($600). That renewal application became effective on May 11, 2008. In effecting that filing, Morgan Stanley Spectrum Select notified DFCS that $60,023.00 of Select Units had been sold to Oregon residents at the 10 Monthly Closings held from May 31, 2007 through February 29, 2008; accordingly, the $600,000 of Select Units registered with the DFCS for the year commencing May 11, 2008 exceeded the approximately $72,028 annualized amount of Select Units reported sold in the prior registration period by approximately $527,972. However, by letter dated September 29, 2008, Morgan Stanley Spectrum Select notified DFCS that the offering of Select Units would terminate as of the November 30, 2008 Monthly Closing; accordingly, Select Units were sold at only seven Monthly Closings held from May 31, 2008 - November 30, 2008 during the registration period commencing May 11, 2008.

11. On January 9, 2009, Morgan Stanley Spectrum Select informed DFCS that between May 11, 2008 and November 30, 2008 it had inadvertently sold an unanticipated total of SIX HUNDRED

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

SEVENTY THREE THOUSAND SEVEN HUNDRED THIRTY-ONE DOLLARS AND FORTY-THREE CENTS ($673,731.43) of Select Units, which was SEVENTY THREE THOUSAND SEVEN HUNDRED THIRTY-ONE DOLLARS AND FORTY-THREE CENTS ($73,731.43) in excess of the quantity registered (and $631,717.43 in excess of the $42,014 average amount of Select Units reported sold at seven Monthly Closings in the prior registration period). Accordingly, Morgan Stanley Spectrum Select attempted to retroactively amend its registration to add an additional $100,000 of Select Units pursuant to ORS 59.070(2), 59.065(2), and OAR 441-065-0001(3) promulgated thereunder by filing an amended Form U-1 and paying an amendment fee in the amount of ONE HUNDRED DOLLARS ($100).

12. Following notification by DFCS that an amendment to retroactively register securities sold in excess of the amount previously registered would have to be effected in accordance with ORS 59.065(4), on February 3, 2009, Morgan Stanley Spectrum Select voluntarily filed an amended Form U-1, together with an additional amendment fee of ONE HUNDRED TWENTY-TWO DOLLARS ($122), thereby submitting the requisite additional fee of $222 to retroactively register $74,000 of excess Graham Units sold in accordance with ORS 59.065(4).

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

CONCLUSIONS OF LAW

The Director **CONCLUDES** that:

13. Morgan Stanley Charter Graham and Morgan Stanley Spectrum Select sold securities in Oregon in excess of the

quantity registered and for which fees were initially paid, in violation of ORS 59.065(2).

ORDER

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

14. Pursuant to ORS 59.245, Morgan Stanley Charter Graham and Morgan Stanley Spectrum Select are **ORDERED** to **CEASE AND DESIST** from:

a. Selling securities in Oregon in excess of the quantity registered; and

b. Violating any provision of the Oregon Securities Law or Oregon Administrative Rules Chapter 441 promulgated thereunder.

15. The Director hereby acknowledges receipt of the filings by Morgan Stanley Charter Graham pursuant to ORS 59.065(4) to retroactively register $149,000 of Graham Units, together with the requisite additional filing fee of $447 due pursuant to that provision.

16. The Director hereby acknowledges receipt of the filings by Morgan Stanley Spectrum Select pursuant to ORS 59.065(4) to retroactively register $74,000 of Select Units, together with the requisite additional filing fee of $222 due pursuant to that provision.

17. The Director will issue amended orders of registration, which will be effective retroactively to the date of sale, upon execution of this Order by the Respondents and the Director.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

18. The entry of this Order in no way limits further remedies that may be available to the Director under Oregon law.

Dated this 22nd day of July, 2009 at Salem, Oregon.

CORY STREISINGER, Director
Department of Consumer and Business Services

David Tatman, Administrator
Division of Finance and Corporate Securities

//
//
//
//
//
//
//
//
//
//
//
//
//
//
//
//

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

COMPANY CONSENT TO ENTRY OF ORDER
(for Morgan Stanley Charter Graham L.P.)

Demeter Management LLC, a Delaware limited liability company, is the general partner of Morgan Stanley Charter Graham L.P., a Delaware limited partnership ("Morgan Stanley Charter Graham") and, as such, is authorized to act on its behalf; Morgan Stanley Charter Graham has read the foregoing Order and knows and fully understands the contents hereof; Morgan Stanley Charter Graham has been advised of the right to a hearing; Morgan Stanley Charter Graham has been represented by counsel in this matter; Morgan Stanley Charter Graham voluntarily and without any force or duress, consents to the entry of this Order, without admitting or denying the factual allegations and conclusions of law stated herein, expressly waiving any right to a hearing in this matter; Morgan Stanley Charter Graham understands that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law; and Morgan Stanley Charter Graham will fully comply with the terms and conditions stated herein.

Morgan Stanley Charter Graham further assures the Director that it will not effect securities transactions in Oregon unless such activities are in full compliance with the terms of this Order and with the Oregon Securities Law and Chapter 441 of the Oregon Administrative Rules promulgated thereunder.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

Morgan Stanley Charter Graham understands that this Consent Order is a public document.

Dated this 8 day of July, 2009.

MORGAN STANLEY CHARTER GRAHAM L.P.
By Demeter Management LLC,
General Partner

By _____

(Signature of officer)

Walter Davis

(Name of officer)

Managing Director

(Office Held)

COMPANY ACKNOWLEDGMENT

There appeared before me this 8 day of July, 2009, Walter Davis, who was first duly sworn on oath, and stated that he is an officer of Demeter Management LLC, the general partner of Morgan Stanley Charter Graham L.P., and that he is authorized and empowered to sign this Consent to Entry of Order on behalf of Morgan Stanley Charter Graham L.P., and to bind Morgan Stanley Charter Graham L.P. to the terms hereof.

Signature of Notary _____

My commission expires: _____

MARY JANE MARKOWITZ
Notary Public, State of New York
No 01MA4874337
Qualified in Richmond County
Commission Expires Nov. 3, 2010

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

COMPANY CONSENT TO ENTRY OF ORDER
(for Morgan Stanley Spectrum Select L.P.)

Demeter Management LLC, a Delaware limited liability company, is the general partner of Morgan Stanley Spectrum Select L.P., a Delaware limited partnership ("Morgan Stanley Spectrum Select") and, as such, is authorized to act on its behalf; Morgan Stanley Spectrum Select has read the foregoing Order and knows and fully understands the contents hereof; Morgan Stanley Spectrum Select has been advised of the right to a hearing; Morgan Stanley Spectrum Select has been represented by counsel in this matter; Morgan Stanley Spectrum Select voluntarily and without any force or duress, consents to the entry of this Order, without admitting or denying the factual allegations and conclusions of law stated herein, expressly waiving any right to a hearing in this matter; Morgan Stanley Spectrum Select understands that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law; and Morgan Stanley Spectrum Select will fully comply with the terms and conditions stated herein.

Morgan Stanley Spectrum Select further assures the Director that it will not effect securities transactions in Oregon unless such activities are in full compliance with the terms of this Order and with the Oregon Securities Law and Chapter 441 of the Oregon Administrative Rules promulgated thereunder.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

Morgan Stanley Spectrum Select understands that this Consent Order is a public document.

Dated this 8 day of July, 2009.

MORGAN STANLEY SPECTRUM SELECT L.P.
By Demeter Management LLC,
General Partner

By _____

(Signature of officer)

Walter Davis

(Name of officer)

Managing Director

(Office Held)

COMPANY ACKNOWLEDGMENT

There appeared before me this 8 day of July, 2009, Walter Davis, who was first duly sworn on oath, and stated that he is an officer of Demeter Management LLC, the general partner of Morgan Stanley Spectrum Select L.P., and that he is authorized and empowered to sign this Consent to Entry of Order on behalf of Morgan Spectrum Select L.P., and to bind Morgan Stanley Spectrum Select L.P. to the terms hereof.

Signature of Notary _____

My commission expires: MARY JANE MARKOWITZ
Notary Public, State of New York
No 01MA4874337
Qualified in Richmond County
Commission Expires Nov. 3, 2010

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387