

ADMINISTRATIVE PROCEEDING

File No. 3-17833

MN-Based Investment Adviser and Its President Settle Charges Relating to Misleading Marketing Materials

February 8, 2017 – The Securities and Exchange Commission today announced that a Minnesota-based investment adviser, Jeffrey Slocum & Associates, Inc. (“JSA”), has agreed to settle charges that it provided misleading marketing materials to current and prospective advisory clients. Additionally, the adviser’s President and majority owner, Jeffrey Slocum, agreed to settle charges that he caused certain of JSA’s violations.

The SEC’s order instituting a settled administrative proceeding found that JSA disseminated marketing materials containing misleading performance data, misstatements regarding JSA’s acceptance of items of value from investment managers, and misstatements about JSA’s enforcement of its Code of Ethics. According to the order, JSA claimed that it had “never, not once, taken even so much as a nickel from an investment manager,” even though JSA’s gift policy permitted employees to accept gifts from investment managers under certain circumstances and certain JSA employees had accepted tickets to the Masters Golf Tournament in 2012 and 2013. Additionally, JSA distributed marketing materials containing a misleading chart that purported to show the value added by JSA’s investment manager recommendations. Instead of showing the performance of JSA’s actual historical investment manager recommendations, the chart used hypothetical and backtested performance figures. JSA also failed to adopt and implement compliance policies and procedures and failed to make and keep required books and records supporting performance data in its marketing materials. The order found that Slocum was a cause of the compliance violations and certain misstatements. JSA and Slocum agreed to the issuance of the order without admitting or denying its findings.

The order found that JSA violated Sections 204(a), 206(2), and 206(4) of the Investment Advisers Act of 1940 and Rules 204-2(a)(16), 206(4)-1(a)(5), and 206(4)-7 thereunder and that Slocum caused JSA’s violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. JSA agreed to pay a \$300,000 penalty and Slocum agreed to pay a \$100,000 penalty.

The SEC’s investigation was conducted by Meredith J. Laval and supervised by Amy S. Cotter of the Chicago Regional Office. The SEC examination that led to the investigation was conducted by Diane Wagner, Daniel Brinks, Patrick Elgrably, Michael E. Lockhart, and Louis Gracia in the Chicago Regional Office.

See also: [Order](#)