IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. 19-cv-02461

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

CETERA ADVISORS LLC,

Defendant.

COMPLAINT

Plaintiff United States Securities and Exchange Commission (the "SEC") alleges as follows against Defendant Cetera Advisors LLC ("Cetera"):

SUMMARY OF THE ACTION

1. Cetera is an SEC-registered investment adviser headquartered in Denver, Colorado. As an investment adviser, Cetera owes its advisory clients a fiduciary duty to act in its clients' best interests and to fully disclose all material facts about the advisory relationship, including disclosing any conflicts of interest that might cause Cetera to put its own interests before those of its clients. Cetera breached this fiduciary duty and regularly and repeatedly put its financial interests ahead of its clients. Cetera received more than $10 million from breaching its fiduciary duty and defrauding its clients.

2. Investors paid Cetera to select and manage their investments in a manner consistent with Cetera's fiduciary duty, but Cetera continuously recommended and invested client assets in investments that cost clients more when less expensive, identical investments

were available. Cetera also failed to disclose that it had numerous, material conflicts of interest in providing investment advice to its clients, including that some investment choices generated millions of dollars of additional revenue for Cetera, while other investment choices would have generated much less or no additional revenue.

3. Over the course of several years, Cetera defrauded its advisory clients and repeatedly breached its fiduciary duties that it owed to them in four primary ways.

4. First, from at least September 8, 2012 through December 31, 2016 (the "Relevant 12b-1 Period"), Cetera breached its fiduciary duty to its clients and failed to act in its clients' best interests by a) selecting and holding mutual fund investments that cost its clients more (and paid Cetera more) when it knew that lower-cost, otherwise identical investments were available to its clients and b) failing to properly disclose this practice or its conflict of interest. These higher-cost, otherwise identical investments were different "share classes" within the same mutual fund, where each share class represents an interest in the *exact same portfolio of securities*. Cetera invested its clients in higher-cost, otherwise identical share classes, which paid additional compensation to Cetera for as long as their clients held these investments. As a result, Cetera had an incentive to invest and maintain client assets in these higher-cost share classes that paid Cetera additional compensation. During the Relevant 12b-1 Period, Cetera's clients paid millions of dollars in unnecessary fees and Cetera received approximately $5 million more than if the client's assets were invested in the lower-cost share classes.

5. Second, from at least September 8, 2012 through February 23, 2016 (the "Relevant Revenue Sharing Period"), Cetera breached its fiduciary duty to its clients in connection with its receipt of compensation from a third-party broker-dealer (the "Clearing Broker") that it received for investing Cetera's advisory clients in certain mutual funds

(hereinafter, "Revenue Sharing"). In this arrangement, Cetera had a clear conflict of interest in that it received additional compensation for investing clients in certain mutual funds that paid Revenue Sharing over other mutual funds that did not, and because this arrangement provided a financial incentive for Cetera to maintain its relationship with the Clearing Broker so it could continue to receive revenue sharing. Cetera failed to disclose adequately to its clients this practice or the financial conflict stemming from its receipt of such compensation. Cetera invested clients in mutual funds that paid it Revenue Sharing and received at least $2.1 million as a direct result of these investments.

6. Third, from at least September 1, 2014 through March 29, 2018 (the "Relevant Service Fee Period"), Cetera also failed to disclose the conflict stemming from its receipt of at least $1.7 million of compensation that certain mutual funds paid to the Clearing Broker, which the Clearing Broker then shared with Cetera. These payments created a conflict of interest because they provided a financial incentive for Cetera to select the mutual funds that paid these fees over other investments when providing investment advice to its advisory clients, and because this arrangement provided a financial incentive for Cetera to maintain its relationship with the Clearing Broker so it could continue to receive service fees. However, Cetera failed to disclose adequately to its clients this arrangement and the resulting conflict of interest.

7. Fourth, from September 8, 2012 through March 29, 2018 (the "Relevant Non-Transaction Fee Mark-Up Period"), Cetera directed the Clearing Broker to mark-up certain fees ("non-transaction fees") by up to 300% that the Clearing Broker charged Cetera's advisory clients. After the Clearing Broker received these fees from Cetera's clients, the Clearing Broker paid these fees to Cetera. However, Cetera failed to disclose this practice, the additional fees that Cetera charged, or the resulting conflict to its advisory clients. These payments created a

conflict of interest because Cetera had discretion to direct the Clearing Broker to mark-up certain non-transaction fees, which Cetera then received indirectly from its advisory clients, and because this arrangement provided a financial incentive for Cetera to maintain its relationship with the Clearing Broker so it could continue to receive these undisclosed non-transaction mark-ups. These undisclosed non-transaction fee mark-ups yielded Cetera approximately $2 million.

8. Through the conduct alleged herein, Cetera has violated, and unless restrained and enjoined will continue to violate, Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder [15 U.S.C. §§ 80b-6(2), 80b-6(4), 80b-7 and 17 C.F.R. § 275.206(4)-7]. The SEC requests that the Court enter a permanent injunction prohibiting Cetera from further violations of these provisions and order it to disgorge, with pre-judgment interest, its ill-gotten gains from the conduct alleged in the Complaint pursuant to Section 209(d) of the Advisers Act [15 U.S.C. § 80b-9(d)]. Additionally, the Court should order Cetera to pay civil penalties pursuant to Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)]. Cetera's conduct involved fraud, deceit, or deliberate or reckless disregard of regulatory requirements and resulted in substantial loss, or significant risk of substantial loss, to other persons.

JURISDICTION AND VENUE

9. The Court has jurisdiction over this action pursuant to Sections 209(d), 209(e)(1), and 214 of the Advisers Act [15 U.S.C. §§ 80b-9(d), 80b-9(e)(1), and 90b-14].

10. Venue is proper in this District under Section 214 of the Advisers Act [15 U.S.C. § 80b-14] and 28 U.S.C. § 1391(b)(1) and (2) because, among other things, certain acts or transactions constituting the violations of the federal securities laws detailed herein occurred in this district and because, at all relevant times, Cetera's principal place of business was in Denver, Colorado. In addition, many of the acts and practices described in this Complaint occurred in the

District of Colorado, including, but not limited to, Cetera acting as an investment adviser to Colorado residents.

11. In connection with the transactions, acts, practices, and courses of business described in this Complaint, Cetera, directly and indirectly, made use of the means or instrumentalities of interstate commerce, of the mails, or of the means and instruments of transportation or communication in interstate commerce.

12. Cetera entered into eight separate tolling agreements to toll the running of any statute of limitations against it from September 7, 2017 through September 2, 2019.

DEFENDANT

13. **Cetera Advisors LLC,** located in Denver, Colorado, is a dually registered investment adviser and broker-dealer. Cetera is an investment adviser within the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)] and first registered as an investment adviser with the SEC in 1988. Cetera has been registered as a broker-dealer since 1981. Cetera is in the business of providing investment advice concerning securities for compensation. Cetera has approximately $12 billion of retail client assets under management.

FACTS

I. Cetera is a Registered Investment Adviser and Owes a Fiduciary Duty to Its Clients.

14. Cetera provides investment advisory services to a variety of clients, including individual retail clients who rely on investments in their Cetera advisory accounts for, among other things, income and retirement. These advisory services include both Cetera's investment advice and the ongoing management of clients' investment portfolios. Cetera provides advisory services through over 1,000 investment advisory representatives ("IARs"), most of whom are also registered representatives of Cetera's broker-dealer.

15. In exchange for these advisory services, Cetera's clients pay an advisory fee to Cetera, which is an agreed-upon percentage applied to the value of the client's assets under the firm's management. The fee is periodically deducted from the clients' advisory accounts.

16. As a registered investment adviser with the SEC, Cetera was required to file and update, at least annually, disclosures in a uniform registration application called a Form ADV. As part of this application, Cetera was required to create an SEC-mandated Form ADV Part 2A ("Firm Brochure"), commonly referred to as a "brochure," containing certain disclosures about its advisory business.

17. Cetera also was required to create Forms ADV Part 2B, commonly referred to as "brochure supplements." Brochure supplements contain information that is specific to the individuals that are providing investment advice to the particular client.

18. As an investment adviser, Cetera is a fiduciary for its advisory clients. As such, Cetera owes its advisory clients an affirmative duty of utmost good faith, is obligated to provide full and fair disclosure of all material facts, has an affirmative obligation to employ reasonable care to avoid misleading its clients, has a duty to act in its clients' best interests, and has a duty to seek best execution of a client's transactions. Cetera's duty to disclose all material facts includes a duty to tell clients about all of its actual or potential conflicts of interest that might incline Cetera or its IARs to render investment advice that is not disinterested.

19. Cetera and its IARs acknowledged this fiduciary duty in, among other places, their Part 2Bs of Form ADV, which Cetera and its IARs were required to, and did, provide to clients: "Cetera maintains a Code of Ethics requiring your Advisor *to always act in your best interest* and maintains a supervisory structure to monitor the advisory activities of your Advisor

in order to reduce potential conflicts of interest." (Emphasis added.) Cetera also consistently acknowledged its fiduciary obligation to advisory clients in its internal compliance manuals.

II. Cetera Violated Its Fiduciary Duties In Multiple Ways in Connection with Its Selection of Mutual Fund Share Classes.

A. Background on Mutual Funds, Share Classes, and 12b-1 Fees

20. Cetera recommended the purchase of shares in mutual funds to its clients, purchased shares in mutual funds on behalf of its clients, and held client assets in shares of mutual funds.

21. A mutual fund is a professionally managed investment fund that pools money from many investors and invests the money in securities or other assets. A family of funds is a group of mutual funds that are all marketed and administered under the same fund family or company name.

22. Separate mutual *funds* typically differ from each other in many respects (*e.g.*, they would typically include different investments and have different investment objectives). Each mutual fund often has multiple, different "share classes." Each *share class* of a mutual fund represents an interest in the exact same portfolio of securities, with the only material difference typically being the cost to the investor.

23. Some mutual fund share classes charge fees pursuant to Rule 12b-1 under the Investment Company Act of 1940 ("12b-1 Fees") to cover fund distribution and shareholder service expenses (hereinafter, "Class A shares"). 12b-1 Fees are recurring, are included in a mutual fund's total annual fund operating expenses for that share class, vary by fund and by share class within a fund, and typically range from 15 to 25 basis points per year. One basis point is equal to one hundredth of one percent. The 12b-1 Fees are deducted on an ongoing basis from the mutual fund's assets attributable to that class and paid to the fund's distributor or

principal underwriter, which generally remits the 12b-1 Fees to the broker-dealer that distributed or sold the shares.

24. Cetera received 12b-1 Fees from the mutual funds in which it held clients assets. The 12b-1 Fees were material to Cetera investors, and Cetera knew or should have known that these fees were material.

25. During the Relevant 12b-1 Period, Cetera purchased on behalf of its clients, recommended, or held client assets in mutual fund share classes that charged 12b-1 Fees typically ranging between 15 to 25 basis points per year.

26. Many mutual funds also offer other share classes that do not charge 12b-1 Fees and that go by a variety of names (*e.g.*, “Class F2,” “Class Y,” “Class Z,” “Advisory,” or “Institutional” class shares (collectively, “Class I Shares”)).

27. Over approximately the last fifteen years, mutual funds have increasingly made Class I Shares available to advisory clients through, among other things, the creation of new adviser and institutional share classes or the utilization of existing institutional shares classes, all with either waived or reduced minimum purchase amounts that are similar and in many instances identical to minimum purchase amounts for Class A shares.

28. While invested in the same portfolio of securities, Class I Shares are lower-cost than Class A shares of the same fund. An investor who holds Class I Shares of a mutual fund will pay lower total annual fund operating expenses – and thus will earn higher returns – than one who holds Class A shares of the same fund. Therefore, if a mutual fund offers a Class I Share, and an investor is eligible to own it, it is almost always better for the investor to purchase or hold the Class I Share because her returns will be higher.

B. Cetera Violated Its Fiduciary Duty to Act in Its Client's Best Interests by Having Its Clients Invest and Hold Assets in Higher-Cost Share Classes Despite Knowing Lower-Cost Share Classes Were Available.

29. Cetera owed its advisory clients a fiduciary duty to, among other things, act in its clients' best interests. In violation of this duty, Cetera put its advisory clients into higher-cost share classes and kept them in the higher-cost shares despite knowing lower-cost share classes were available to its clients.

Cetera Knew Lower-Cost Share Classes Were Available.

30. Mutual funds in which Cetera purchased shares on behalf of its clients, recommended the purchase of shares, or in which it held client assets, maintained multiple share classes, including Class A and Class I Shares.

31. From at least September 2012, Cetera maintained and periodically updated a mutual fund buy list, which included firm-approved mutual funds and their respective share classes that were made available to Cetera's IARs to select for their advisory clients (the "Mutual Fund Buy List"). For each fund family on the Mutual Fund Buy List, Cetera included a firm-recommended share class, which typically was the lowest-cost share class for each fund (*i.e.*, Class I Shares or equivalent).

32. Cetera's Due Diligence Department had decision-making authority for choosing the funds and share classes that were made available to IARs on the Mutual Fund Buy List. Beginning in late 2012, Cetera's Due Diligence Department began a concerted effort to obtain agreements (also known as "waivers") from mutual fund families to make Cetera's advisory clients eligible to purchase certain lower-cost mutual fund share classes. After obtaining such waivers, Cetera added these lower-cost share classes to its Mutual Fund Buy List and made them available to all clients in its advisory programs. This was referred to internally at Cetera as the "Institutional Share Class Initiative."

33. According to Cetera's own internal documents, the objective of the Institutional Share Class Initiative was "to remove the conflicts of multiple share classes for the same fund families" and was motivated, at least in part, by IARs requesting access "to lowest cost shares for alignment with their fiduciary obligations."

34. In June 2013, Cetera's President and Chief Executive Officer announced to firm IARs that by the end of the first quarter of 2014 higher-cost share classes would be removed from the Mutual Fund Buy List and IARs would no longer be able to purchase on behalf of Cetera clients higher-cost share classes or add to existing positions within those share classes.

35. By July 2014, Cetera had obtained access to lower-cost share classes from over 90% of the fund families it offered to its advisory clients. These lower-cost share classes appeared on the Mutual Fund Buy List.

Cetera Discussed Internally How to Address the Fact that Lower-Cost Share Classes Were Available to Clients.

36. During the Relevant 12b-1 Period, Cetera's parent company maintained an Executive Committee (the "Executive Committee"). The Executive Committee was composed of senior-level executives of Cetera's parent company as well as the leadership of its independently managed firms, including Cetera's President and Chief Executive Officer. The Executive Committee provided strategic and organizational oversight for Cetera that included deliberation over, and consideration of, initiatives and projects that impact Cetera's advisory business. During the Relevant 12b-1 Period, the Executive Committee considered how to address clients who held higher-cost share classes given that lower-cost share classes of the same fund were available.

37. As part of the Institutional Share Class Initiative, the Executive Committee considered two primary options: converting current client positions to the lower-cost share class

and/or rebating 12b-1 Fees to all advisory clients.

38. In June 2014, the Institutional Share Class Initiative culminated in a recommendation to the Executive Committee that Cetera rebate 12b-1 Fees to all advisory clients. However, several years passed and millions of dollars of unnecessary fees were paid by Cetera's clients before Cetera implemented this recommendation.

Despite Knowing that Lower-Cost Share Classes Were Available to its Clients and Having Access to These Lower-Cost Share Classes, Cetera Invested and Held Client Assets in Higher-Cost Share Classes.

39. Notwithstanding its success in obtaining waivers that allowed Cetera's IARs to place advisory client assets in various lower-cost mutual fund share classes, from June 2014 through the end of December 2016, Cetera continued to invest or hold advisory client assets in higher-cost mutual fund share classes that paid Cetera more when otherwise identical, lower-cost share classes of the same fund were available.

40. In the fourth quarter of 2015 alone, for example, approximately 675 accounts at Cetera purchased approximately $25.6 million of higher-cost share classes during the quarter, even though Cetera knew or should have known that lower-cost share classes were available to the clients.

41. Even after Cetera knew or should have known that lower-cost share classes were available (*e.g.*, they obtained a waiver and/or the share class appeared on the Mutual Fund Buy List), Cetera continued to maintain clients in higher-cost share classes for years. Cetera's decision to keep clients in the higher-cost share class resulted in clients continuously paying the recurring 12b-1 Fees and in additional compensation to Cetera.

42. In investing and holding client assets in higher share classes, Cetera was, at least, negligent. Cetera failed to use ordinary care under the circumstances, failing to exercise the care that a reasonable investment adviser would use in making a client investment.

Similarly Situated Cetera Advisory Clients Were Treated Differently.

43. For certain mutual funds, Cetera's Mutual Fund Buy List allowed Cetera's IARs to purchase higher-cost share classes for existing clients who already had a position in a mutual fund that paid 12b-1 fees to Cetera, while also informing Cetera's IARs that they were required to recommend and invest new clients in the "recommended" lower-cost share class that appeared on the Mutual Fund Buy List. Cetera did not disclose this practice to clients.

44. In fact, Cetera did advise clients to hold higher-cost share classes of certain mutual funds despite knowing, as evidenced by their appearance on Cetera's Mutual Fund Buy List, that lower-cost share classes of the same fund were available to its clients and despite investing certain other Cetera clients in these available lower-cost share classes.

45. As such, Cetera's mutual fund share class practice resulted in Cetera improperly treating its advisory clients differently based almost exclusively on the timing of their investment.

Cetera Received Millions of Dollars in 12b-1 Fees as a Result of Breaching its Fiduciary Duty.

46. During the Relevant 12b-1 Period, Cetera received approximately $5 million in 12b-1 Fees as a result of its investments of client assets in share classes that charged 12b-1 Fees that it would not have collected had those client assets been invested in the available lower-cost share classes of the same funds.

47. Cetera failed to act in its clients' best interest, thereby breaching its fiduciary duty, by investing its client assets in and holding client assets in higher-cost share classes when it knew or should have known that lower-cost share classes of the same fund were available to its clients.

48. Not until January 2017 did Cetera begin to rebate 12b-1 Fees that it received

during and after January 2017 and started to convert its advisory clients' holdings to the lower-cost share class. Cetera never rebated the approximately $5 million of fees that were incurred during the Relevant 12b-1 Period.

C. Cetera Failed to Disclose Adequately Its Share Class Selection Practices, the Resulting Conflict of Interest, and Cetera's Firm Brochure Disclosures Regarding 12b-1 Fees Misled Advisory Clients.

49. Cetera is obligated to provide full and fair disclosure of all material facts and has an affirmative obligation to employ reasonable care to avoid misleading its clients. Cetera's duty to disclose all material facts includes a duty to tell clients about all of its actual or potential conflicts of interest that might incline Cetera or its IARs to render investment advice that is not disinterested.

Cetera's Receipt of 12b-1 Fees Created Significant Conflicts of Interest for Cetera.

50. Cetera advisory clients that were invested in mutual fund Class A shares paid 12b-1 Fees, which Cetera received and shared with its IARs. Accordingly, Cetera and its IARs had a material conflict of interest with Cetera clients because Cetera and its IARs had an incentive to have their clients invest in the higher-cost Class A shares, which was contrary to its advisory clients interest in being invested in the lower-cost Class I Shares.

51. As a result of the availability of lower-cost Class I Shares, in a material way, Cetera's interests were not aligned with its clients. In particular, Cetera had a financial incentive to select more expensive Class A shares for clients, since this allowed Cetera to generate additional fees, when lower-cost Class I Shares were available for the same fund.

52. Cetera knew or should have known that these conflicts of interest were material, because, among other things, a reasonable investor would want to avoid paying these fees, which had a material impact on how their investment performed.

Cetera Was Required to File Forms ADV.

53. As an investment adviser registered with the SEC, Cetera was required to provide the most current Firm Brochures and any applicable brochure supplements to all Cetera advisory clients and prospective clients prior to or concurrent with entering into an advisory agreement. Cetera was also required to provide updated Firm Brochures and brochure supplements or summaries of material changes to these documents to clients going forward.

54. As a fiduciary, Cetera was required to provide its advisory clients with sufficient facts so that the clients can understand the conflicts of interests that Cetera had and the business practices that Cetera engaged in, so the clients can give informed consent to such conflicts or practices or reject them. When an investment adviser such as Cetera has a conflict of interest, it must disclose the full extent of the investment adviser's interests in the transaction.

55. Cetera knew or should have known that it was required by law to disclose all material facts, including its conflicts of interest, to its advisory clients because, among other reasons, the instructions to the Firm Brochures provided such guidance.

56. In particular, item 5 of ADV Part 2A, "Fees and Compensation," requires investment advisers like Cetera to disclose how it is compensated for its advisory services, "including asset-based sales charges or service fees" (*i.e.*, 12b-1 Fees), the conflicts of interest related to those fees, and generally describe how the adviser addresses the conflicts that arise.

57. Investment advisers are also required to describe, in Part 2A, Item 14.A of Form ADV (Item 13.A of former Form ADV Part II), compensation received from "someone who is not a client" in connection with providing investment advisory services to clients, the conflicts of interest related thereto, and how the adviser addresses the conflict of interest.

58. Similarly, Items 4 and 5 of the brochure supplement require disclosure of the

supervised individuals' compensation for the sale of securities and other investment products to their clients, "including distribution or service ('trail') fees from the sale of mutual funds," any economic benefit provided to the individuals by non-clients for providing advisory services, and the incentives these types of compensation and benefits create.

59. Moreover, the Form ADV and associated Firm Brochures are designed to provide adequate disclosure to advisory clients so that they can understand the firm they are hiring to manage their investments and what economic incentives in the firm's business model might influence the firm's decision-making on the client's behalf. It also provides a basis for the client to compare a particular firm's fees, compensation and other business practices with other firms that the client might be considering.

60. A Cetera senior level executive signed each Form ADV in effect from September 2012 through the present and certified under penalty of perjury that the information and statements made in each Form ADV, including exhibits and other information submitted, were true and correct and did not omit required information.

Cetera Failed to Disclose Adequately Its Share Class Selection Practices and the Resulting Conflict of Interest.

61. Throughout the Relevant 12b-1 Period, Cetera's disclosures regarding its receipt of 12b-1 Fees were insufficient, failed to provide clients with the necessary information to make an informed decision with respect to their mutual fund investments, and failed to disclose adequately its conflict of interest with its clients. As a result, Cetera breached its fiduciary duty to its clients.

62. Throughout the Relevant 12b-1 Period, Cetera: 1) failed to advise its clients that they were paying 12b-1 Fees that they would not have to pay if they were invested in available Class I Shares of the same mutual funds; and 2) failed to disclose its conflict of interest in

advising its clients to invest in the higher-cost share classes of the same mutual funds. Throughout the Relevant 12b-1 Period, Cetera advised clients to invest in or hold mutual fund share classes that charged 12b-1 Fees when lower-cost share classes of those same funds were available to those clients, and did not disclose such practices or its conflict of interest associated with the additional compensation it received for doing so.

63. From on or about March 1, 2013, through the end of the Relevant 12b-1 Period, Cetera generally disclosed in its Firm Brochures that it “may” invest in load and no-load mutual funds that “may” pay 12b-1 Fees and that the availability of such fees created a conflict of interest. However, Cetera’s Form ADV disclosures throughout the Relevant 12b-1 Period said nothing about the existence of multiple *share classes* within mutual funds, or its clear conflict of interest associated with Cetera’s receipt of additional compensation by investing or holding client assets in higher-cost share classes when a lower-cost share class of the *same fund* was available.

64. From on or about March 1, 2013, through the end of the Relevant 12b-1 Period, Cetera’s disclosures about a *potential* conflict of interest because accounts “may” invest in mutual funds that “may” pay 12b-1 Fees were also inadequate because Cetera was aware of a recurring, *actual* conflict of interest whereby its IARs routinely selected share classes paying 12b-1 Fees when less expensive share classes were available to Cetera’s advisory clients for the same fund.

65. Throughout the Relevant 12b-1 Period, Cetera failed to disclose that many mutual funds offer multiple share classes, including those that were expressly designed for, or made available to, clients in fee-based advisory programs. By omitting any mention of share class distinctions, Cetera’s disclosures provided insufficient information from which a client could

understand that its investment adviser would recommend, purchase, or hold a share class that resulted in Cetera receiving 12b-1 Fees when a less costly share class of the exact same mutual fund was available to the client.

66. Throughout the Relevant 12b-1 Period, Cetera failed to provide full and fair disclosure of all material facts and to employ reasonable care to avoid misleading its clients. These disclosure failures were omissions of material fact and were required to be disclosed to Cetera's advisory clients, and Cetera knew or should have known that it had a duty to disclose such information.

Cetera's Firm Brochure Disclosures Regarding 12b-1 Fees Misled Advisory Clients.

67. Cetera is obligated to provide full and fair disclosure of all material facts, and has an affirmative obligation to employ reasonable care to avoid misleading its clients. In violation of this duty, Cetera made misleading statements to its advisory clients.

68. From at least September 2012 through mid-June 2015, Cetera's Firm Brochures disseminated to advisory clients, referring to the conflict of interest created by the 12b-1 Fees, represented that "[t]o help mitigate this conflict of interest, we monitor the sales activity of our advisors [IARs] to ensure that the products and services they offer to you are appropriate for your specific situation."

69. In reality, Cetera's disclosure was misleading, violated Cetera's fiduciary duty, and did not comply with the standard of care it owed to its advisory clients, because it only reviewed the mutual fund sales activities of its IARs for general suitability, but that review did not include any evaluation of whether advisory clients had been placed in the most favorable share class.

70. By failing to disclose the actual conflict presented by its investing,

recommending, or holding advisory client assets in mutual fund share classes that charged 12b-1 Fees when such clients were otherwise eligible to own less expensive share classes of the same funds, and then failing to conduct the review Cetera represented that it would perform to specifically address the conflict presented by its receipt of 12b-1 Fees, Cetera not only acted contrary to its representations to clients, but made it less likely that the disparate treatment of advisory clients with respect to share classes would ever come to light.

71. In June 2015, Cetera removed the misleading disclosure regarding how it monitored sales activity described in the above paragraph because it had not conducted any review of the 12b-1 Fees paid by client investments or whether advisory clients had been placed in the most favorable share class.

72. Additionally, during the Relevant 12b-1 Period Cetera's Forms ADV Part 2Bs included the following disclosure: "Cetera Advisors maintains a Code of Ethics requiring your Advisor *to always act in your best interest* and maintains a supervisory structure to monitor the advisory activities of your Advisor in order to reduce potential conflicts of interest." (Emphasis added.)

73. In light of Cetera's mutual fund share class selection practices described above, the Firm Brochures and brochure supplements were misleading, violated Cetera's fiduciary duty, and did not comply with the standard of care that Cetera owed to its clients, in that Cetera IARs did not act in their clients' best interest when they invested and held client assets in higher-cost share classes when lower-cost share classes of the same fund were available. The Firm Brochures and brochure supplements also were misleading, and did not comply with the standard of care that Cetera owed to its clients because Cetera also did not have a supervisory structure in place to monitor when its IARs failed to act in their clients' best interest by investing or holding

client assets in more expensive share classes.

74. These disclosure failures were misleading statements of material fact and Cetera knew or should have known that it had a duty to not misleadingly disclose such information. In making these false and misleading disclosures, Cetera was, at least, negligent. Cetera failed to use ordinary care under the circumstances, failing to exercise the care that a reasonable investment adviser would use in making disclosures to its clients. The misleading Forms ADV and Firm Brochures are identified below.

Specific Form ADV Failures Regarding 12b-1 Fees.

75. For the period beginning no later than October 29, 2012 through February 28, 2013, Cetera issued Form ADV's containing Firm Brochures dated on or about October 29, 2012 and January 2, 2013 that contained the following disclosure:

> Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12(b)-1 fees. These fees are paid to us, with a portion passed on to your Advisor. Because of the additional compensation that these payments represent, there is a financial incentive for your Advisor to recommend funds that pay 12(b)-1 fees over funds that have no fees or lower fees. To help mitigate this conflict of interest, we monitor the sales activity of our Advisors to ensure that products and services they offer to you are appropriate for your specific situation.
>
> (Item 5, Fees and Compensation)

76. For the period March 1, 2013 through September 7, 2014, Cetera issued Form ADV's containing Firm Brochures dated on or about March 1, 2013, April 1, 2013, April 24, 2013, May 31, 2013, October 28, 2013, March 24, 2014, and April 29, 2014 that contained the following disclosure:

> Accounts may invest in load and no-load mutual funds that may pay the firm annual distribution charges, sometimes referred to as 12(b)-1 fees. The Firm will credit retirement accounts (i.e., ERISA and IRA accounts) for any 12(b)-1 fees received because of mutual fund investments by these accounts. When 12(b)-1 fees are paid to us, for investments made in Preferred and Prime non-retirement accounts, a portion is passed to your advisor. The Firm will retain

> 12(b)-1 fees received for Premier non-retirement accounts. Because of the additional compensation that these payments represent, there is a financial incentive for your advisor to recommend funds that pay 12(b)-1 fees over funds that have no fees or lower fees. To help mitigate this conflict of interest, we monitor the sales activity of our advisors to ensure that products and services they offer to you are appropriate for your specific situation. The firm may have an incentive to promote the Premier program over other advisory programs based on the 12(b)-1 fee retention. We mitigate this potential conflict of interest by reviewing the suitability of each new account as well as all transactions placed within Preferred, Prime and Premier.
>
> (Item 5, Fees and Compensation)

77. For the period September 8, 2014 through June 10, 2015, Cetera issued Form ADV's containing Firm Brochures dated on or about September 8, 2014 and May 5, 2015 that contained the following disclosure:

> Accounts may invest in load and no-load mutual funds that may pay the firm annual distribution charges, sometimes referred to as 12(b)-1 fees. The Firm will credit retirement accounts (i.e., ERISA and IRA accounts) and Managed Wealth ADVANTAGE accounts for any 12(b)-1 fees received because of mutual fund investments by these accounts. When 12(b)-1 fees are paid to us, for investments made in Preferred and Prime non-retirement accounts, a portion is passed to your advisor. The Firm will retain 12(b)-1 fees received for Premier non-retirement accounts. Because of the additional compensation that these payments represent, there is a financial incentive for your advisor to recommend funds that pay 12(b)-1 fees over funds that have no fees or lower fees. To help mitigate this conflict of interest, we monitor the sales activity of our advisors to ensure that products and services they offer to you are appropriate for your specific situation. The firm may have an incentive to promote the Premier program over other advisory programs based on the 12(b)-1 fee retention. We mitigate this potential conflict of interest by reviewing the suitability of each new account as well as all transactions placed within Preferred, Prime and Premier.
>
> (Item 5, Fees and Compensation)

78. For the period June 11, 2015 through December 31, 2016, Cetera issued Form ADV's containing Firm Brochures dated on or about June 11, 2015, February 24, 2016, March 15, 2016, May 23, 2016, June 15, 2016, July 11, 2016, September 15, 2016 and December 2, 2016 that contained the following disclosure:

> Accounts may invest in load and no-load mutual funds that may pay the firm annual distribution charges, sometimes referred to as 12(b)-1 fees. The Firm will credit retirement accounts (i.e., ERISA and IRA accounts) and Managed Wealth ADVANTAGE accounts for any 12(b)-1 fees received because of mutual fund investments by these accounts. When 12(b)-1 fees are paid to us, for investments made in Preferred and Prime non-retirement accounts, a portion is passed to your Advisor. The Firm will retain 12(b)-1 fees received for Premier non-retirement accounts. Because of the additional compensation that these payments represent, there is a financial incentive for your Advisor to recommend funds that pay 12(b)-1 fees over funds that have no fees or lower fees.
>
> (Item 5, Fees and Compensation)

79. In sum, Cetera failed to disclose in its Forms ADV and Firm Brochures for the Relevant 12b-1 Period the actual conflict presented by its investing, recommending, or holding advisory client assets in mutual fund share classes that charged 12b-1 Fees when such clients were otherwise eligible to own less expensive share classes of the same funds. Cetera also failed to disclose in its Forms ADV and Firm Brochures that it did receive additional compensation as a result of its advisory clients' investment in more expensive share classes when a less expensive share class was available in the same fund.

D. Cetera Failed to Seek Best Execution.

80. Cetera had a fiduciary duty to its advisory clients to seek the best execution, which means to execute securities transactions for clients in such a manner that the client's total costs or proceeds in each transaction are the most favorable under the circumstances.

81. When Cetera invested advisory clients' assets in higher-cost mutual fund share classes despite the availability of a lower-cost share class of the same fund Cetera breached its fiduciary duty to seek best execution for its clients. Moreover, Cetera failed to disclose to its clients that best execution might not be sought for purchases of mutual funds with multiple available share classes.

82. In investing and holding client assets in higher share classes, Cetera was, at least,

negligent. Cetera failed to use ordinary care under the circumstances, failing to exercise the care that a reasonable investment adviser would use in executing transactions on behalf of its clients.

III. Cetera Failed to Adequately Disclose Its Conflicts of Interest Relating to its Receipt of Revenue Sharing from the Clearing Broker.

83. During the Relevant Revenue Sharing Period, Cetera received compensation from a third-party broker-dealer, the Clearing Broker, as a direct result of Cetera investing its advisory clients in mutual funds that were available on a specific platform offered by the Clearing Broker. As a result of this arrangement, Cetera's interests were in conflict with its clients. The arrangement created financial incentives for Cetera to select investments that would lead to greater compensation. Cetera did not disclose this conflict to its advisory clients.

84. Since at least April 2011, the Clearing Broker – which has an agreement with Cetera to provide trade execution and confirmation, record keeping, custody, and reporting services for Cetera's clients – offered its no-transaction-fee mutual fund program ("NTF Program") to Cetera. As part of the NTF Program, the Clearing Broker waived the transaction fees it would otherwise charge for purchases of mutual funds.

85. The NTF Program had two sub-programs, NTF A and NTF B. NTF A generally consisted of no-load mutual funds that did not pay sales commissions and NTF B was generally comprised of so-called "load" mutual funds where the Clearing Broker waived the applicable sales commissions if they were purchased in fee-based advisory accounts.

86. Cetera participated in the Clearing Broker's NTF Program (including both sub-programs) since at least April 2011.

87. The terms of Cetera's participation in the NTF Program were set forth in an agreement between Cetera and the Clearing Broker, referred to as the Addendum to the Fully Disclosed Clearing Agreement with the Clearing Broker ("Addendum"). Pursuant to the

Addendum, the Clearing Broker agreed, among other things, to share with Cetera a certain percentage of revenues the Clearing Broker received from mutual funds in the NTF A Program. The Addendum, which a senior Cetera executive signed, was revised several times throughout the Relevant Revenue Sharing Period, but these provisions did not change.

88. The revenue the Clearing Broker received from the mutual funds in the NTF A Program was tied directly to the amount of assets in these mutual funds. In turn, the amount of revenue that the Clearing Broker shared with Cetera was tied directly to the amount of client assets Cetera invested in the mutual funds in the NTF A Program.

89. When Cetera chose a mutual fund for a client it had more than one mutual fund to choose from, including mutual funds that did not participate in the NTF A Program. Cetera's receipt of compensation through the NTF A Program created a conflict of interest because it incentivized Cetera and its IARs to invest advisory client assets in mutual funds in the NTF A Program over other investments. These conflicts of interest were material to Cetera investors, and Cetera knew or should have known that these conflicts of interest were material.

90. From at least September 2012 through June 10, 2015, Cetera did not have any disclosures in its Firm Brochures related to the compensation it received as a direct result of investing clients in mutual funds in the NTF A Program. It also did not have any disclosure concerning the conflict of interest this arrangement presented. This arrangement incentivized Cetera to invest clients in mutual funds in the NTF A Program over other investment alternatives.

91. Starting on June 11, 2015, and lasting through February 23, 2016, Cetera's Firm Brochure disclosed that the Clearing Broker "may also" pay Cetera a share of the fees it received from mutual funds that participated in the NTF Program. This disclosure was materially

inaccurate. In fact, Cetera did, in almost every instance, receive compensation as a result of it investing advisory client assets in mutual funds that participated in the NTF A Program.

92. These disclosure failures were omissions of material fact, were required to be disclosed to Cetera's advisory clients, and Cetera knew or should have known that it had a duty to disclose such information. In failing to disclose the Revenue Sharing and the resulting conflict, Cetera was, at least, negligent. Cetera failed to use ordinary care under the circumstances, failing to exercise the care that a reasonable investment adviser would use in making disclosures to clients.

93. Cetera failed to disclose such information in its Firm Brochures dated on or about October 2012, January 2013, March 2013, April 2013, May 2013, October 2013, March 2014, April 2014, September 2014, May 2015, and June 2015 Firm Brochures.

94. During the Relevant Revenue Sharing Period, Cetera received more than $2 million in revenue sharing payments from the Clearing Broker pursuant to the Addendum.

IV. Cetera Failed to Disclose Conflicts of Interest Relating to its Receipt of Administrative Services Fee Revenue from the Clearing Broker.

95. Beginning in September 2014, Cetera began receiving another form of compensation from the Clearing Broker tied directly to Cetera's investing client assets in certain mutual funds.

96. In September 2014, Cetera entered into two Administrative Services Agreements (collectively, the "ASAs") with the Clearing Broker in which Cetera agreed to provide administrative services to the Clearing Broker such as handling client inquiries, maintaining client accounts, and trade correction processing.

97. In exchange, the Clearing Broker agreed to pay Cetera a certain percentage of service fees it received from the NTF B Program mutual funds, as well as certain service fees it

received from mutual funds participating in the Clearing Broker's "transaction-fee" mutual fund program ("TF Program").

98. Specifically, according to the NTF B Program Administrative Services Agreement ("NTF B Program ASA"), the Clearing Broker agreed to pay Cetera 25% of the service fees that the Clearing Broker received from all NTF B Program mutual funds. In addition, according to the TF Program Administrative Services Agreement ("TF Program ASA"), the Clearing Broker agreed to pay Cetera $4.00 per "eligible position" per annum.

99. As a result of the ASAs, Cetera's interests were in conflict with its clients. The agreements described above incentivized Cetera to recommend mutual funds for which they received additional compensation from the Clearing Broker under the ASAs over other investments when rendering investment advice to its advisory clients. These conflicts of interest were material to Cetera investors, and Cetera knew or should have known that these conflicts of interest were material.

100. During the Relevant Service Fee Period, beginning in September 2014, Cetera failed to disclose the TF Program ASA through February 23, 2016 and the NTF B Program ASA through March 29, 2018.

101. Cetera represented in both ASAs, each of which a senior Cetera executive signed in 2014, that it had disclosed the ASAs to its advisory clients.

102. These disclosure failures were omissions of material fact, were required to be disclosed to Cetera's advisory clients, and Cetera knew or should have known that it had a duty to disclose such information. In failing to disclose the administrative service fee revenue and the resulting conflict, Cetera was, at least, negligent. Cetera failed to use ordinary care under the circumstances, failing to exercise the care that a reasonable investment adviser would use in

making disclosures to clients.

103. Cetera failed to disclose such information in its Firm Brochures dated on or about September 2014, May 2015, June 2015, February 2016, April 2016, May 2016, June 2016, July 2016, September 2016, December 2016, January 2017, March 2017, April 2017, June 2017, August 2017, and January 2018.

104. During the Relevant Service Fee Period, Cetera received approximately $1.7 million in administrative service fees from the Clearing Broker under the ASAs.

V. Cetera Failed to Disclose Compensation it Received in the Form of Non-Transaction Mark-Ups on Charges Imposed by the Clearing Firm.

105. Since at least April 2011, Cetera's agreement with its Clearing Broker set forth, in Schedule A to the Addendum, the fees Cetera paid the Clearing Broker for providing execution, clearing, and custody for Cetera's advisory clients. Schedule A of that agreement itemizes certain services that "may be billed directly to the client with a customized markup," including inactive account fees, mandatory reorganization fees, bond redemption fees, legal transfer fees, outgoing account transfer fees, paper delivery surcharges for client statements and confirms, confirmation fees, and wired funds fees. Cetera could also direct the Clearing Broker to mark-up fees associated with the Clearing Broker's asset management accounts that offer check writing and debit card capabilities, as well as an annual maintenance fee for traditional and ROTH IRA accounts. This agreement also provided that Cetera was responsible for notifying its clients of any mark-up.

106. From at least September 8, 2012, Cetera clients incurred such fees and, at Cetera's request, the Clearing Broker added mark-ups to the Clearing Broker's fees for at least the services identified above. Cetera did not disclose in its Firm Brochures or otherwise that it would mark-up these non-transaction fees charged by the Clearing Broker. These fees were

material to Cetera investors, and Cetera knew or should have known that these non-transaction fee mark-ups were material.

107. Upon request, clients could request a "Fee Schedule" from their IAR. However, these schedules did not reveal the mark-up that Cetera directed the Clearing Broker to add to the non-transaction fees it was charging. For example, from approximately April 2011 through August 2014, the fee schedules made available to Cetera's clients during that period show outgoing transfer fees of $95.00 (from August 2012 through December 2012) and $125.00 (from January 2013 through August 2014) per transfer, but do not reveal Cetera's mark-up of $70.00 or $100.00 per transfer.

108. These undisclosed mark-ups on the Clearing Firm's non-transaction fees created a conflict of interest for Cetera because it created an incentive for Cetera to continue to use the Clearing Broker so it could continue to receive fees from non-transaction fee mark-ups. Cetera knew or should have known that it was a material omission to not disclose to its clients that Cetera charged non-transaction fee markups.

109. Cetera failed to disclose the conflict of interest arising from this financial incentive in the arrangement with the Clearing Broker.

110. These disclosure failures were omissions of material fact, were required to be disclosed to Cetera's advisory clients, and Cetera knew or should have known that it had a duty to disclose such information. In failing to disclose the mark-ups on non-transaction fees and the resulting conflict, Cetera was, at least, negligent. Cetera failed to use ordinary care under the circumstances, failing to exercise the care that a reasonable investment adviser would use in making fee disclosures to clients.

111. Cetera failed to disclose the existence and extent of such mark-ups and the

corresponding conflicts of interest associated with its receipt of such undisclosed compensation in, at least, its Firm Brochures dated on or about October 2012, January 2013, March 2013, April 2013, April 2013, May 2013, October 2013, March 2014, April 2014, September 2014, May 2015, June 2015, February 2016, April 2016, May 2016, June 2016, July 2016, September 2016, December 2016, January 2017, March 2017, April 2017, June 2017, August 2017, and January 2018.

112. During the Relevant Non-Transaction Fee Period, Cetera received at least $2 million in undisclosed mark-ups on non-transaction fees.

VI. Cetera Failed to Implement Its Written Policies and Procedures.

A. Cetera Maintained Policies and Procedures Requiring Disclosure of Material Facts and Conflicts of Interest, But Failed to Implement Those Policies.

113. From 2012 through at least 2017, all dated the first of the year, Cetera had written policies and procedures contained in its Written Supervisory Procedures ("WSPs") (Sections 16.1.2 and 16.1.4) and IAR Manuals (Sections 1.1 and 1.1.4) (collectively, "Compliance Manuals") for disclosing all material facts, including conflicts of interest that might incline Cetera and its IARs to render advice that is not disinterested. Cetera's written policies and procedures as set forth in the firm's Compliance Manuals instructed that the firm and its representatives "should fully and accurately disclose the material facts regarding the true costs of any recommended product and disclose any actual or potential conflict of interest that could impair the objectivity" of the adviser or its representatives.

114. Similarly, Cetera's Compliance Manuals (specifically, WSP Section 16.4) required that its IARs disclose to advisory clients in writing the existence of the conflict prior to entering into or renewing any advisory agreement that created any material conflict of interest that could reasonably impair the rendering of unbiased and objective advice.

115. Additionally, another section of Cetera's Compliance Manuals (specifically, WSP Section 16.1.2) instructed that an "[i]nvestment adviser and its [r]epresentatives should fully and accurately disclose the material facts regarding the true costs, benefits and limitations of any service or product recommended and disclose any actual or potential conflict of interest that could impair the objectivity" of the adviser or its representatives.

116. Throughout the Relevant 12b-1 Period, Cetera failed to implement its written policies and procedures instructing it and its IARs to disclose the material facts regarding the true costs, benefits, and limitations of the products it recommended and the conflicts of interest associated with these recommendations. Cetera, for example, did not disclose the true costs, benefits, or limitations of investing in specific mutual fund share classes that Cetera recommended to its clients. Nor did Cetera or its IARs disclose the conflict of interest arising from Cetera's and its IARs receipt of 12b-1 Fees when less expensive share classes of the same fund were available.

117. Throughout the Relevant Revenue Sharing Period, the Relevant Service Fee Period, and Relevant Non-Transaction Fee Mark-Up Period, Cetera failed to implement its written policies and procedures instructing it and its IARs to disclosure the material facts regarding the true costs, benefits, and limitations of the products it recommended and the conflicts of interest associated with these recommendations. Cetera failed to implement its written policies and procedures instructing it and its IARs to disclose conflicts of interest associated with these recommendations by failing to adequately disclose conflicts of interest stemming from its receipt of: (a) revenue sharing and administrative service fees revenue from the Clearing Broker that was tied to the amount of advisory client assets in certain mutual funds and (b) mark-ups on non-transaction fees from the Clearing Broker.

118. These practices were material to Cetera investors, and Cetera knew or should have known that the above practices and the conflicts associated with them were material.

B. Cetera Maintained Policies and Procedures Requiring the Purchase of Share Classes on the Mutual Fund Buy List, But Failed to Implement That Policy.

119. Cetera's Compliance Manuals (specifically, WSP Section 16.6.6 and IAR Manual Section 6.6) instructed Cetera's IARs that they could only purchase program-approved funds and share classes that appeared on the Mutual Fund Buy List, and that IARs must recommend the "most favorable share class" to Cetera's clients.

120. Cetera failed to implement these internal procedures designed to ensure that its IARs recommended or purchased less expensive share classes of certain funds included on the Mutual Fund Buy List when doing so was in an advisory client's best interest.

121. Cetera failed to implement these policies throughout the Relevant 12b-1 Period, because IARs continued to invest, recommend, or hold client assets in higher-cost share classes when lower-cost share classes of the same fund were available to clients.

122. These practices were material to Cetera investors, and Cetera knew or should have known that the above practices and the conflicts associated with them were material.

123. Cetera's failure to implement its policies and procedures resulted in advisory clients paying millions of dollars in unnecessary and undisclosed fees.

CLAIMS FOR RELIEF

FIRST CLAIM FOR RELIEF
Cetera Violated Section 206(2) of the Advisers Act

124. Paragraphs 1 through 123 are re-alleged and incorporated herein by reference.

125. Cetera is an investment adviser defined by Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11).

126. Cetera, while acting as an investment adviser, directly or indirectly, by use of the

mails or means and instrumentalities of interstate commerce engaged in transactions, practices, and courses of businesses which operated as a fraud or deceit upon clients or prospective clients.

127. By reason of the foregoing, Cetera violated, and unless enjoined there is a reasonable likelihood that it will continue to violate, Section 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(2)].

SECOND CLAIM FOR RELIEF
Cetera Violated Section 206(4) & Rule 206(4)-7 of the Advisers Act

128. Paragraphs 1 through 123 are re-alleged and incorporated herein by reference.

129. Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] provides that it is unlawful for an investment adviser to engage in an act, practice, or course of business which is fraudulent, deceptive, or manipulative. It further states that the SEC shall issue rules to define and prescribe measures to prevent such misconduct. Rule 206(4)-7 issued under the Advisers Act [17 C.F.R. § 275.206(4)-7] requires, among other things, that investment advisers adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules. Investment advisers must also review the adequacy of those policies and procedures and the effectiveness of their implementation, at least annually.

130. Cetera failed to implement written policies and procedures reasonably designed to prevent its breach of fiduciary duty.

131. By reason of the foregoing, Cetera has directly or indirectly violated, and unless enjoined will likely again violate, Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-7 thereunder [17 C.F.R. § 275.206(4)-7].

VII. PRAYER FOR RELIEF

WHEREFORE, the SEC respectfully requests that the Court:

I.

Find that Cetera committed the violations alleged in this Complaint.

II.

Enter injunctions, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently restraining and enjoining Cetera and its officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice by personal service or otherwise, from further violating Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder [15 U.S.C. §§ 80b-6(2), 80b-6 (4), and 80b-7 and 17 C.F.R. § 275.206(4)-7].

III.

Order Cetera to disgorge any and all ill-gotten gains, together with pre-judgment interest, derived from the activities set forth in this Complaint.

IV.

Order Cetera to pay civil penalties pursuant to Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

V.

Grant such other relief as this Court may deem just or appropriate.

JURY DEMAND

The Commission demands a trial by jury on all claims so triable.

DATED: August 29, 2019

s/ Christopher E. Martin
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