

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 77362 / March 14, 2016

INVESTMENT ADVISERS ACT OF 1940
Release No. 4351 / March 14, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17169

In the Matter of

**Royal Alliance Associates, Inc.,
SagePoint Financial, Inc. and FSC
Securities Corporation,**

Respondents.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-
AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 15(b) OF
THE SECURITIES EXCHANGE ACT
OF 1934 AND SECTIONS 203(e) AND
203(k) OF THE INVESTMENT
ADVISERS ACT OF 1940, MAKING
FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A
CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Royal Alliance Associates, Inc. (“Royal Alliance”), SagePoint Financial, Inc. (“SagePoint”) and FSC Securities Corporation (“FSC,” and collectively with Royal Alliance and SagePoint, the “Advisor Group Firms” or “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents

consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offer, the Commission finds¹ that:

SUMMARY

1. This proceeding arises from breaches of fiduciary duty and multiple compliance failures by Respondents Royal Alliance, SagePoint and FSC in their fee-based advisory businesses. American International Group, Inc. (“AIG”) indirectly owns Respondents, which comprise one of the largest networks of independent, dual-registered broker-dealers and investment advisers in the U.S.

2. From at least 2012 to 2014, Respondents invested advisory clients in mutual fund share classes with 12b-1 fees instead of lower-fee share classes of the same funds that were available without 12b-1 fees. The affected clients were advisory clients whom Advisor Group Firms invested in a fee-based advisory service called the Advisor Managed Portfolio (“AMP”) in accounts that are not qualified retirement or ERISA accounts, where 12b-1 fees are rebated. In their capacity as broker-dealers, Respondents received 12b-1 fees paid by the funds in which AMP advisory clients invested. By investing these non-qualified advisory clients in the higher-fee share classes, Respondents received approximately \$2 million in 12b-1 fees that they would not have collected from the lower-fee share classes.

3. Respondents failed to disclose in their Forms ADV or otherwise that they had a conflict of interest due to a financial incentive to place non-qualified advisory clients in higher-fee mutual fund share classes. As a result, Respondents breached their fiduciary duties as investment advisers to certain of their AMP advisory clients by investing them in higher-fee mutual fund share classes. In addition, Respondents failed to adopt any compliance policy governing mutual fund share class selection.

4. During 2013, Respondents also failed to monitor advisory accounts quarterly for inactivity or “reverse churning” as required under their compliance policies and procedures to ensure that fee-based advisory or “wrap” accounts that charged an inclusive fee for both advisory services and trading costs remained in the best interest of

¹ The findings herein are made pursuant to Respondents’ Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

clients that traded infrequently. Even though Commission examination staff previously had cited the firms for failing to conduct such monitoring several years earlier, Respondents did not conduct their inactive account review on a timely basis for the fourth quarter of 2012 and the first and second quarters of 2013.

5. By virtue of this conduct, Respondents violated Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7 thereunder.

RESPONDENTS

6. **Royal Alliance Associates, Inc.**, a Delaware corporation, is a dual-registered broker-dealer and investment adviser. Royal Alliance has been registered as an investment adviser with the Commission since September 1997 and as a broker-dealer since October 1988. Royal Alliance has its main offices in New York, New York. Royal Alliance has over 2,000 financial advisors across 818 branch offices in the U.S. As of December 31, 2014, Royal Alliance managed 15,435 advisory accounts with approximately \$3.9 billion in assets. American International Group, Inc. (NYSE:AIG), a publicly-traded company, indirectly owns Royal Alliance.

7. **SagePoint Financial, Inc.**, a Delaware corporation, is a dual-registered broker-dealer and investment adviser. SagePoint has been registered as an investment adviser with the Commission since October 2005 and as a broker-dealer since May 2005. SagePoint has its main office in Phoenix, Arizona. SagePoint has over 1,700 financial advisors across 1,030 branch offices in the U.S. As of December 31, 2014, SagePoint managed 19,612 advisory accounts with approximately \$4.0 billion in assets. AIG indirectly owns SagePoint.

8. **FSC Securities Corporation**, a Delaware corporation, is a dual-registered broker-dealer and investment adviser. FSC has been registered as an investment adviser with the Commission since August 1992 and as a broker-dealer since June 1977. FSC has its main office in Atlanta, Georgia. FSC has over 1,200 financial advisors across 700 branch offices in the U.S. As of December 31, 2014, FSC managed 21,871 advisory accounts with approximately \$5.3 billion in assets. AIG indirectly owns FSC.

RELEVANT PARTY

9. **AIG Advisor Group, Inc.** (“AIG Advisor”), a Maryland corporation, is a holding company that owns Royal Alliance, SagePoint and FSC. AIG Advisor is headquartered in New York, New York. AIG Advisor provides Respondents with certain shared services, including compliance support for their advisory businesses. AIG indirectly owns AIG Advisor.

FACTS

Background

10. Royal Alliance, SagePoint and FSC offer both brokerage and investment advisory services through financial advisors who are independent contractors. Respondents together have over 5,500 financial advisors in 2,548 branch offices across the U.S.

11. As broker-dealers, Advisor Group Firms offer commission based or brokerage services to customers through financial advisors in their capacity as registered representatives of that broker-dealer. As registered investment advisers, Advisor Group Firms offer investment advisory products and services through the same financial advisors but in their capacity as investment advisory representatives or IARs.

12. During the relevant period, Advisor Group Firms failed to devote sufficient resources to their compliance infrastructure to support their investment advisory business. As a result, several compliance failures at Advisor Group Firms in their fee-based advisory businesses contributed to the violations described below.

The AMP Program

13. Advisor Group Firms primarily service retail clients, including those saving for retirement. The Advisor Managed Portfolios or AMP program is their largest fee-based advisory service based on assets. The minimum account size required for opening an AMP account is \$50,000.

14. In the AMP program, advisory clients can be invested in portfolios of securities, including stocks, bonds and mutual funds, based on their investment objectives and needs. Clients pay an ongoing advisory fee in the form of either an inclusive “wrap” fee that covers both advisory services and trading costs, or, alternatively, a “non-wrap” fee for advisory services with trading costs paid separately. The annual advisory fee is payable quarterly, in advance, based on the market value of the assets in their accounts. Subject to certain maximum account fees based on various breakpoints for account size, advisory fees are individually negotiated with clients.

15. As part of their “open architecture” platform, Advisor Group Firms offer AMP clients the opportunity to invest not only in AIG-related funds, but also in a wide selection of mutual funds available in the industry. As of December 31, 2014, Advisor Group Firms managed approximately \$9.8 billion in AMP wrap accounts, which included approximately \$6.0 billion in mutual fund investments.

Mutual Fund Share Class Selection in AMP Accounts

16. Advisor Group Firms offer AMP advisory clients a wide selection of mutual funds across numerous mutual fund complexes, including multiple share classes of the same funds. Mutual funds typically offer investors different types of shares or “classes.” Each share class represents an interest in the same portfolio of securities with the same investment objective. The primary difference among the various share classes is their fee structure.

17. Class A shares were one of the more common mutual fund share classes that Advisor Group Firms purchased for AMP advisory clients during the relevant period from 2012 to 2014. Class A shares typically are purchased by retail brokerage customers in brokerage accounts, but also can be purchased by retail advisory clients in advisory accounts. Class A shares are sold with sales charges or sales “loads” in retail brokerage accounts based on the dollar amount of the investment, but the sales charges are waived when purchased in fee-based accounts. However, even these “load-waived” Class A shares in fee-based accounts continue to pay what is known as a 12b-1 fee, a fee paid by a mutual fund on an ongoing basis from its assets for shareholding services, distribution and marketing expenses.² The 12b-1 fee for Class A shares is typically 25 basis points. Class A shares also are subject to initial minimum investment requirements that are usually not higher than \$2,500.

18. In addition to load-waived Class A or equivalent “no load” share classes,³ many mutual funds in recent years have begun to offer share classes exclusively for fee-based advisory accounts such as “institutional” or “advisory” share classes that do not include 12b-1 fees. Institutional shares, which are sometimes designated as “Class I” shares, have higher initial investment minimums (*e.g.*, \$1 million) than Class A or equivalent no load or load-waived share classes, while advisory shares have similar investment minimums as Class A or equivalent shares. Many mutual funds waive or substantially reduce the minimum investment requirement for institutional shares in fee-based advisory accounts. The terms and eligibility requirements for any particular share class are described in a mutual fund’s prospectus.

19. When a retail investor in a fee-based account such as AMP is eligible for advisory shares, institutional shares or any similar lower-fee share class of the same mutual fund, it is generally in the investor’s best interest to purchase the lower-fee share

² 12b-1 fees are paid to the fund’s distributor or underwriter, which, in turn, generally remits the fees to the broker-dealer that distributes or “sells” the fund’s shares. Advisor Group Firms shared substantially all of the 12b-1 fees that they received in their capacity as broker-dealers from their advisory clients with their representatives as compensation.

³ Certain mutual funds known as “no load” funds can be purchased in fee-based accounts but may have 12b-1 fees. These no load funds are equivalent to “load-waived” Class A shares in fee-based accounts.

class rather than the higher-fee share class because the investor's returns are not reduced by 12b-1 fees. Accordingly, where there is no credit, offset or similar adjustment for 12b-1 fees, the retail advisory client would benefit from higher investment returns over time by investing in the lower-fee share classes.

20. From 2012 to 2014, Advisor Group Firms invested certain of their AMP clients in share classes with 12b-1 fees when lower-fee share classes of those same funds without 12b-1 fees were available in many instances. As a result, Advisor Group Firms received approximately \$2 million in 12b-1 fees that they would not have collected had they invested those AMP clients in available lower-fee share classes.

Inadequate Disclosure Concerning Mutual Fund Share Class Selection and a Related Compliance Deficiency

21. During the relevant period, Advisor Group Firms disclosed in their respective Forms ADV that the firms may receive 12b-1 fees from mutual fund investments in fee-based advisory accounts. However, Advisor Group Firms did not disclose in their Forms ADV or otherwise that they had a conflict of interest with respect to selecting mutual fund share classes due to a financial incentive to place non-qualified advisory clients in higher-fee share classes over lower-fee share classes of the same mutual fund.⁴ Neither Advisor Group Firms' client service agreements nor any other account documentation included any such disclosure concerning mutual fund share class selection.

22. As a result, Advisor Group Firms breached their fiduciary duties to certain of their AMP advisory clients by investing them in higher-fee mutual fund share classes instead of available lower-fee share classes of the same funds. Additionally, Advisor Group Firms failed to adopt during the relevant period any written compliance policy or procedures governing mutual fund share class selection.

Failure to Implement Compliance Policies and Procedures Requiring Monitoring for Reverse Churning

23. Under their advisory compliance policies and procedures in effect since at least 2009, Advisor Group Firms were required to monitor the level of trading activity in their advisory accounts for inactivity or "reverse churning." Reverse churning generally refers to the practice where a client is charged a wrap fee that covers all advisory services and trading costs even though the client trades infrequently. A wrap fee account may not be in the best interest of a client with minimal or no trading activity as compared to a non-wrap fee account or brokerage account where the client would otherwise pay trading

⁴ See, e.g., Item 5.E. of Part 2A of Form ADV.

costs as incurred but a lower fee in a non-wrap account or no advisory fee in a brokerage account.

24. More specifically, under their advisory compliance policies and procedures, Advisor Group Firms were required to review “inactive” wrap fee accounts with three or fewer transactions during the previous 18-month period on a quarterly basis. The purpose of the review was to make sure that these wrap fee accounts remained in the best interest of advisory clients with minimal trading activity based on their current investment needs and objectives.

25. In 2010, staff from the Commission’s Office of Compliance Inspections and Examinations (“OCIE”) conducted an examination of SagePoint, followed by examinations in 2011 of Royal Alliance and FSC. During these examinations, OCIE discovered that there had been an 18-month lapse from the first quarter 2008 until the third quarter 2009 in Advisor Group Firms’ inactive account review. Following the examinations, Advisor Group Firms refunded certain advisory clients a total of \$526,739, as well as enhanced their inactive account review procedures.

26. In September 2013, OCIE began another examination of Royal Alliance, which was then followed by examinations of SagePoint and FSC in 2014. During the Royal Alliance examination, Advisor Group Firms informed OCIE that there had been another lapse in their inactive account review that occurred in 2013. Beginning in early 2013, Advisor Group Firms did not conduct their inactive account review on a timely basis for the fourth quarter of 2012. Advisor Group Firms also did not timely conduct their inactive account review for the first and second quarters of 2013. Upon discovering the lapse in August 2013, Advisor Group Firms initiated the inactive account review for the previous two quarters and completed the review for the fourth quarter 2012.

27. Following the 2013-14 OCIE examinations, Advisor Group Firms refunded 1,392 advisory clients a total amount of \$739,500.

VIOLATIONS

28. As a result of the conduct described above, Respondents willfully⁵ violated Section 206(2) of the Advisers Act, which prohibits an investment adviser, directly or indirectly, from engaging “in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.” A violation of Section 206(2) may rest on a finding of simple negligence. *SEC v. Steadman*, 967 F.2d

⁵ A willful violation of the securities laws means merely “that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

636, 643 n.5 (D.C. Cir. 1992) (citing *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 195 (1963)). Proof of scienter is not required to establish a violation of Section 206(2) of the Advisers Act. *Id.*

29. As a result of the conduct described above, Respondents willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which requires a registered investment adviser to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder.

30. As a result of the conduct described above, Respondents willfully violated Section 207 of the Advisers Act, which makes it “unlawful for any person willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission . . . or willfully to omit to state in any such application or report any material fact which is required to be stated therein.”

REMEDIAL EFFORTS

31. In determining to accept the Offer, the Commission considered remedial acts taken by Respondents and cooperation afforded by them to the Commission staff.

UNDERTAKINGS

Respondents have undertaken the following:

32. Independent Compliance Consultant. Within 180 days of the date of this Order, Respondents shall retain an independent compliance consultant (“Independent Consultant”) that is not unacceptable to the Commission staff. The Independent Consultant’s compensation and expenses shall be borne exclusively by Respondents. Prior to the retention of the Independent Consultant, Respondents shall provide to the Commission staff a copy of the engagement letter detailing the Independent Consultant’s responsibilities, including the reviews to be made by the Independent Consultant as described in this Order.

33. Respondents shall require that the Independent Consultant:

a. conduct a comprehensive review of Respondents’ compliance policies and procedures (“compliance program”) required by Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, including the adequacy and effectiveness of Respondents’ policies, procedures, controls, recordkeeping and systems relating to: (i) mutual fund share class selection; (ii) the rebating or crediting of mutual fund fees and expenses, including 12b-1 fees, to advisory clients, as may be required; and (iii) Respondents’ review of advisory accounts for inactivity;

b. recommend any additional policies and procedures or improvements or changes to any existing policies and procedures which the Independent Consultant believes are necessary based on its review to ensure that Respondents' compliance program is adequate and effective (the "Recommendations"); and

c. submit to Respondents and the Commission staff, within 45 days of the completion of its review, and in any event no later than 210 days after being retained by Respondents, a written report (the "Report") of its findings, which shall include the scope of the review, the results and conclusions of the review, and any Recommendations.

34. Respondents shall adopt and implement all Recommendations of the Independent Consultant within 120 days of the submission of the Report; provided, however, that within 30 days after the submission of the Report, Respondents shall in writing advise the Independent Consultant and the Commission staff of any Recommendation that Respondents consider to be unnecessary, inappropriate or unduly burdensome. With respect to any Recommendation that Respondents consider unnecessary, inappropriate or unduly burdensome, Respondents need not adopt and implement that Recommendation at the time but shall propose in writing an alternative policy, procedure or system designed to achieve the same objective or purpose. As to any disputed Recommendation, Respondents shall attempt in good faith to reach an agreement on an alternative proposal within 30 days after Respondents in writing advised the Independent Consultant and the Commission staff of their disagreement with the Recommendation. Within 30 days after the conclusion of the evaluation by Respondents and the Independent Consultant of an alternative proposal for any disputed Recommendation, Respondents shall require the Independent Consultant to inform Respondents and the Commission staff in writing of the Independent Consultant's final determination concerning the disputed Recommendation. Respondents shall abide by the final determination of the Independent Consultant with respect to any disputed Recommendation. Within 90 days after a final determination by the Independent Consultant with respect to any disputed Recommendation, Respondents shall adopt and implement the final Recommendation that the Independent Consultant deems appropriate.

35. Within 90 days of Respondents' adoption and implementation of all of the Recommendations as determined pursuant to the procedures set forth herein, Respondents shall certify in writing to the Independent Consultant and the Commission staff that Respondents have adopted and implemented all of the Recommendations made by the Independent Consultant. Unless otherwise directed by the Commission staff, the certification, Report and any other documents required to be provided to the Commission staff shall be sent to Panayiota K. Bougiamas, Assistant Regional Director, Asset Management Unit, New York Regional Office, Securities and Exchange Commission, Brookfield Place, 200 Vesey Street, Suite 400, New York, New York, 10281, or such other address as the Commission staff may provide.

36. Respondents shall cooperate fully with the Independent Consultant and shall provide the Independent Consultant with access to their files, books, records and personnel as reasonably requested by the Independent Consultant for review.

37. Respondents shall not be in and shall not have an attorney client relationship with the Independent Consultant, and shall not seek to invoke the attorney-client privilege or any other doctrine or privilege to prevent the Independent Consultant from transmitting any information, reports or documents to the Commission staff.

38. To ensure the independence of the Independent Consultant, Respondents: (i) shall not have the authority to terminate the Independent Consultant or substitute another independent compliance consultant for the initial Independent Consultant, without the prior written approval of the Commission staff; and (ii) shall compensate the Independent Consultant and persons engaged to assist the Independent Consultant for services rendered pursuant to this Order at their reasonable and customary rates.

39. Respondents shall require the Independent Consultant to enter into an agreement that provides that for the period of the engagement and for a period of two (2) years from completion of the engagement, the Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Respondents, or any of their present or former affiliates, directors, officers, employees or agents acting in their capacity as such. The agreement will also provide that the Independent Consultant will require that any firm with which the Independent Consultant is affiliated or of which the Independent Consultant is a member, and any person engaged to assist the Independent Consultant in the performance of the Independent Consultant's duties under this Order shall not, without prior written consent of the Commission staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Respondents, or any of their present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two (2) years after the engagement.

40. Recordkeeping. Respondents shall preserve for a period of not less than six (6) years from the end of the fiscal year last used, the first two (2) years in an easily accessible place, any record of Respondents' compliance with the undertakings set forth in this Order.

41. Deadlines. The Commission staff shall have the authority, in its discretion, to extend any of the procedural dates relating to the undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.

42. Certifications of Compliance by Respondents. As set forth in paragraph 35, Respondents shall certify in writing compliance with their undertakings set forth above. The certification shall identify the undertakings, provide written evidence of

compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondents agree to provide such evidence. Unless otherwise directed by the Commission staff, the certification and supporting material shall be sent to Panayiota K. Bougiamas, Assistant Regional Director, Asset Management Unit, New York Regional Office, Securities and Exchange Commission, Brookfield Place, 200 Vesey Street, Suite 400, New York, New York, 10281, or such other address as the Commission staff may provide, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than thirty (30) days from the date of the completion of the undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offer.

Accordingly, pursuant to Section 15(b) of the Exchange Act and Sections 203(e) and 203(k) of the Advisers Act, it is hereby ORDERED that:

- A. Respondents shall cease and desist from committing or causing any violations and any future violations of Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7 thereunder.
- B. Respondents are censured.
- C. Within ten (10) days of entry of this Order, Respondents, jointly and severally, shall pay a total of \$2,049,859 consisting of disgorgement of \$1,956,460 and prejudgment interest of \$93,399 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with the Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways: (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request; (2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or (3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Royal Alliance Associates, Inc., SagePoint Financial, Inc. and FSC Securities Corporation as the Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Marshall Sprung, Co-Chief Asset Management Unit, Division of Enforcement, Los Angeles Regional Office, Securities and Exchange Commission, 444 South Flower Street, Suite 900, Los Angeles, CA 90071.

- D. Respondents, jointly and severally, shall, within ten (10) days of the entry of this Order, pay a civil monetary penalty in the amount of \$7.5 million to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with the Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the following ways: (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request; (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Royal Alliance Associates, Inc., SagePoint Financial, Inc. and FSC Securities Corporation as the Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Marshall Sprung, Co-Chief Asset Management Unit, Division of Enforcement, Los Angeles Regional

Office, Securities and Exchange Commission, 444 South Flower Street,
Suite 900, Los Angeles, CA 90071.

- E. Respondents shall comply with the undertakings enumerated in Section III, Paragraphs 32 to 42 above.

By the Commission.

Brent J. Fields
Secretary