

ADMINISTRATIVE PROCEEDING

File No. 3-17840

Transfer Agent Settles Charges Alleging Inadequate Safeguards and Procedures that Failed to Prevent Theft of More Than \$1 Million in Investor Funds

February 10, 2017 – The Securities and Exchange Commission today announced that Boston-based transfer agent Columbia Investment Management Services Corp. has agreed to settle charges that it failed to implement adequate safeguards and procedures to protect customer funds and securities and failed to supervise an employee who stole approximately \$1.2 million worth of mutual funds from investors.

An SEC investigation found that Columbia employee, Ronald S. Hunt, obtained sensitive account information regarding foreign deceased shareholders and falsified documents to cause securities from those accounts to be transferred to an account he controlled. He subsequently liquidated the securities and wired the funds to another account he controlled. Columbia's supervisory policies and procedures as well as certain safeguards and procedures to protect customer funds and securities and shareholder information were insufficient to prevent Hunt's misuse of information and subsequent misappropriation of securities. According to the SEC's order, Columbia made both shareholder accounts whole, referred Hunt to federal law enforcement, and subsequently recovered all of the misappropriated funds from Hunt.

The SEC's order instituting a settled administrative proceeding finds that Columbia violated Section 17A(d)(1) of the Exchange Act and Rule 17Ad-12 thereunder and failed reasonably to supervise Hunt, within the meaning of Section 17A(c)(3) of the Exchange Act, with a view of preventing and detecting Hunt's violation of Section 10(b) of the Exchange Act and Rule 10b-5 by theft of shareholder funds and securities. Without admitting or denying the findings, Columbia agreed to a cease-and-desist order, censure, and a civil penalty of \$250,000. The SEC's order states that the SEC considered remedial actions that Columbia undertook, including enhancements to its redemption form and implementing additional levels of approval for certain data requests.

The SEC's investigation was conducted by H. Norman Knickle and supervised by Fuad Rana. They were assisted by Susan M. Weis, Michael Collins, and John Clark of the Chicago and Boston offices' broker-dealer and investment adviser examination programs.

See also: [Order](#)