

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101933 / December 16, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-18424

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In the Matter of	:	ORDER AUTHORIZING THE TRANSFER
	:	TO THE U.S. DEPARTMENT OF THE
Securities America Advisors, Inc.,	:	TREASURY OF THE REMAINING FUNDS
	:	AND ANY FUNDS RETURNED TO THE
Respondent.	:	FAIR FUND IN THE FUTURE AND
	:	TERMINATING THE FAIR FUND

On April 6, 2018, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e) and 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”)¹ against Securities America Advisors, Inc. (“SAA”) (the “Respondent”). In the Order, the Commission found that the Respondent violated securities law when it breached its fiduciary duty by failing to provide adequate disclosures and being deficient in its compliance policies and procedures as a registered investment adviser in connection its mutual fund share class selection practices.

From at least February 1, 2012, to December 31, 2016 (the “Relevant Period”), SAA invested advisory clients in mutual fund share classes that charged 12b-1 fees instead of less expensive share classes of the same funds that were available without 12b-1 fees. SAA’s affiliated broker-dealer, Securities America, Inc. (“SAI”), received 12b-1 fees based on these investments, of which SAI paid a portion to its registered representatives, who acted as investment adviser representatives (“IARs”) of SAA for the relevant SAA advisory client accounts. However, SAA failed to disclose that its IARs had a conflict of interest as a result of the additional compensation an IAR received from investing advisory clients in a fund’s 12b-1 fee paying share class when a less expensive share class was available for the same fund, and this practice was inconsistent with SAA’s duty to seek best execution for those transactions. SAA also failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the securities laws. in connection with its mutual fund share class selection practices. Among other things, the Commission ordered the Respondent to pay disgorgement of \$4,473,025.50, prejudgment interest of \$580,423.14, and a civil monetary penalty of \$775,000, totaling \$5,828,448.64. In the Order, the Commission established a fair fund, pursuant to

¹ Advisers Act Rel. No. 4876 (Apr. 6, 2018).

Section 308(a) of the Sarbanes-Oxley Act of 2002, so the civil penalties, along with the disgorgement and prejudgment interest, collected could be distributed to harmed investors (the “Fair Fund”).

Pursuant to the Order, the Respondent was responsible for administering the Fair Fund at its own expense pursuant to a calculation specified in the Order. The Respondent disbursed the Distribution Fund to those advisory clients of the Fund harmed by the conduct described in the Order. A \$10 *de minimis* was applied, which resulted in \$10,111.88 being withheld. The Respondent issued 10,536 checks and credits, totaling \$5,818,336.76, of which \$5,649,140.00 was successfully disbursed (97.1%) to recipients. A total of \$180,038.92 remains in the Fair Fund as of September 11, 2024, representing the amounts that would have gone to affiliates, rounding, uncashed checks, accrued interest, returned funds, and other residual amounts.

The Order further requires the Respondent to provide a final accounting to the Commission staff for submission to the Commission for approval. Upon approval of the final accounting, all remaining amounts in the Fair Fund that are infeasible to return to investors, and any funds returned in the future that are infeasible to return to investors, are to be sent to the U.S. Department of the Treasury. The final accounting has been submitted to the Commission for approval, as required by the Order, and has been approved.

Accordingly, it is ORDERED that:

- A. the remaining funds in the amount of \$180,038.92 that are infeasible to return to investors, and any funds returned to the Fair Fund in the future that are infeasible to return to investors, shall be transferred to the U.S. Department of the Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934; and
- B. the Fair Fund is terminated.

By the Commission.

Vanessa A. Countryman
Secretary