UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 102369 / February 6, 2025

ADMINISTRATIVE PROCEEDING
File No. 3-18952

In the Matter of **Thoroughbred Financial Services, LLC, Thomas Jenkins Parker, and Lawrence Randall "Randy" Hartley** **Respondents.**	**ORDER AUTHORIZING THE TRANSFER TO THE U.S. DEPARTMENT OF THE TREASURY OF THE REMAINING FUNDS AND ANY FUNDS RETURNED TO THE FAIR FUND IN THE FUTURE AND TERMINATING THE FAIR FUND**

On December 21, 2018, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the "Order")[1] against Thoroughbred Financial Services, LLC ("TFS"), Thomas Jenkins Parker ("Parker"), and Lawrence Randall "Randy" Hartley ("Hartley") (collectively, the "Respondents"). In the Order, the Commission found breaches of fiduciary duty and inadequate disclosures by TFS, a registered investment adviser and broker-dealer, Parker and Hartley in connection with their mutual fund share class selection practices, as well as misleading statements and omissions they made upon revising TFS's practices after a Commission examination. Between at least October 2012 and August 2016, Respondents invested, recommended or held certain advisory client assets in mutual fund share classes that paid fees pursuant to Rule 12b-1 under the Investment Company Act of 1940 ("12b-1 fees") instead of available, lower-cost share classes of the same funds without 12b-1 fees. TFS (as a broker-dealer) and Parker and Hartley (as TFS registered representatives) received the 12b-1 fees based on these investments. These practices created a conflict of interest, were contrary to Respondents' disclosures regarding TFS's Code of Ethics and were not disclosed adequately to firm clients in TFS's Forms ADV or otherwise. Respondents also breached their duty to seek best execution for their clients by investing them in mutual fund share classes with 12b-1 fees rather than lower-cost share classes of the same funds. By choosing higher-cost share classes for firm clients, TFS, in some client transactions, also avoided paying certain mutual fund transaction clearance, or "ticket," charges that TFS otherwise would have paid. TFS also failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder in connection with its mutual fund share class selection practices. Finally, in the process of converting clients to lower-cost share classes after receiving a Commission examination

[1] Exchange Act Rel. No. 84918 (Dec. 21, 2018).

deficiency letter in April 2016, various firm investment adviser representatives, including Parker and Hartley, made misleading statements and omissions to clients about the prior costs and availability of lower-cost share classes, while at the same time asking many of the same clients to agree to higher account management fees, which nearly all clients accepted.

The Commission ordered TFS to pay disgorgement of $740,250.20, prejudgment interest of $108,368.10, and a civil penalty of $260,000; Parker to pay disgorgement of $217,883.16, prejudgment interest of $31,750.80, and a civil penalty of $75,000; and Hartley to pay disgorgement of $158,032.42, prejudgment interest of $22,957.20, and a civil penalty of $65,000; for a total of $1,679,241.88. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalties paid, along with the disgorgement and prejudgment interest paid, could be distributed to harmed investors (the "Fair Fund").

Pursuant to the Order, TFS was responsible for administering the Fair Fund at its own expense pursuant to a calculation specified in the Order. TFS disbursed the Fair Fund to those current or former advisory clients harmed by the conduct described in the Order. TFS applied a $15 *de minimis* to checks required to be mailed to former customers. TFS did not apply a *de minimis* amount to credits to current customers.

TFS successfully distributed $1,661,011.23 (98.7%) to harmed investors. Distribution payments ranged from $0.40 to $22,691.42. TFS returned a total of $26,355.45 to the Commission, consisting of $21,300.90 to of uncashed checks, returned funds, and other residual amounts (e.g., amounts resulting from rounding) and $5,054.55 in earned interest.

The Order further requires TFS 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 Commission for transmittal 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 $26,355.45 that is 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