UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 6984 / July 31, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22664

In the Matter of	ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO 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
PAPAMARKOU WELLNER ASSET MANAGEMENT, INC.,	
Respondent.	

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 Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") against Papamarkou Wellner Asset Management, Inc. ("Papamarkou" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has 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 the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to 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 Respondent's Offer, the Commission finds that:

Summary

1. Between at least 2019 and January 2022, registered investment adviser Papamarkou calculated and charged client fees in a manner inconsistent with its advisory agreements and the firm's Form ADV Part 2A ("Brochure") disclosures. Contrary to the terms of these documents, Papamarkou did not deduct from client advisory fees a portion of the compensation its affiliated broker-dealer (the "Affiliated Broker") received from six third-party private fund managers (the "Six Fund Managers"). By failing to comply with the terms of its advisory agreements, and providing disclosures to its clients that were materially inconsistent with the firm's actual advisory fee offset practices, Papamarkou violated Section 206(2) of the Advisers Act.

2. In addition, from at least 2019 through March 2024, Papamarkou failed to implement its written compliance policies and procedures that required the firm to ensure that it calculated the advisory fees charged to its clients correctly and in the manner described in its advisory agreements and Brochures, and to update or amend advisory agreements to accurately reflect its business practices. By failing to either calculate the advisory fees as described in its existing advisory agreements and Brochures or amend its advisory agreements, Papamarkou violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder.

Respondent

3. **Papamarkou** is a New York corporation with its principal office and place of business in New York, New York, and operates under the name "Papamarkou Wellner Perkin Advisors." Papamarkou has been registered with the Commission as an investment adviser since July 21, 2004. On its Form ADV filed on March 31, 2026, Papamarkou reported that it had approximately $358 million in regulatory assets under management.

Related Entity

4. **The Affiliated Broker**, Papamarkou Wellner & Co., Inc., is a New York corporation with its principal place of business in New York, New York. It has been registered with the Commission since August 27, 1982 as a broker-dealer and shares offices, employees, and an ownership group with Papamarkou.

Facts

5. Papamarkou primarily provides investment advisory services to high net-worth retail clients. Papamarkou offered its services to its advisory clients pursuant to a standardized investment advisory agreement that governed the terms and conditions of its services and fees. Under the advisory agreements, Papamarkou charged clients an advisory fee that was a negotiated percentage

of the assets under management, which included assets managed by third-party investment advisers and fund managers who charged separate, additional fees to the clients.

6. From 2004 until March 2024, all of Papamarkou's client advisory agreements provided that if it or the Affiliated Broker received referral, solicitation or placement fees ("Referral Fees") from a third-party investment adviser, fund manager, or issuer ("Third-Party Manager") on account of a client's investment, Papamarkou would offset the client's advisory fee by the amount of the Referral Fee to the extent that it did not exceed the client's advisory fee. Specifically, the advisory agreements provided that if the Affiliated Broker acted "as private placement agent between a hedge fund (or other issuer) and the [c]lient," Papamarkou would reduce the client's advisory fee by "an amount equal to any fees [the Affiliated Broker] may receive from such hedge fund (or other issuer) on account of the [c]lient's investment to the extent that it does not exceed the client's advisory fee." Similarly, the advisory agreements provided that Papamarkou would reduce a client's advisory fee by the amount of any fees Papamarkou received for referring the client to another investment adviser, to the extent that the referral fees did not exceed Papamarkou's advisory fee. The advisory agreements further provided that the agreements "may be amended or modified only by a written document signed by both parties."

7. Papamarkou's Brochures from at least 2015 to January 2022 similarly described its practice to offset client advisory fees by any fees that it or the Affiliated Broker received from Third-Party Managers in connection with client investments to the extent that such fees did not exceed Papamarkou's advisory fee and stated that it "believes that [the firm] satisfies its obligations to its clients through the implementation of its policy to reduce the advisory fee charged to the client by the amount of any remuneration [Papamarkou] receives from an outside advisor or manager, on a dollar for dollar basis, by the amount of the referral fees or other compensation received, to the extent that the reduction does not exceed the Firm's advisory fee charged to the client."

8. Since 2004, both Papamarkou and its Affiliated Broker have had Referral Fee agreements with a number of Third-Party Managers whereby Papamarkou or its Affiliated Broker received Referral Fees from Third-Party Managers, including with respect to Papamarkou advisory clients.

9. The structure for most of the Referral Fee agreements was for the Third-Party Manager to pay Papamarkou or the Affiliated Broker a fee equivalent to a percentage of the Third-Party Manager's quarterly management fee charged in relation to the referred client for as long as the client remained invested. In these instances, Papamarkou's practice was to offset all of the Referral Fees received against the client's advisory fee. By fully crediting the Referral Fees received, Papamarkou mitigated the conflict of interest from the compensation, as required by its advisory agreements, and acted consistently with the representations in its Brochure.

10. However, the Referral Fee agreements with the Six Fund Managers were structured differently and Papamarkou did not credit clients for all of the Referral Fees the Affiliated Broker received. In 2010, the Affiliated Broker entered into a Referral Fee agreement with a Third-Party Manager that became one of the Six Fund Managers, which offered payment equivalent to a percentage of the manager's annual performance fee (when payable) in addition to a percentage of

the manager's quarterly management fee with respect to any referred investors, including Papamarkou clients. By 2018, the Affiliated Broker had entered into five other Referral Fee agreements that were structured in the same way to make payments equivalent to a percentage of both the management and performance fees. Even though the Referral Fee agreements with these Six Fund Managers contained terms to pay a percentage of both performance fees and management fees to the Affiliated Broker for referrals, Papamarkou credited clients' advisory fees only with the percentage of the Six Fund Managers' quarterly management fees the Affiliated Broker received and did not credit the percentage of performance fees the Affiliated Broker received. This was inconsistent with Papamarkou's advisory agreements and Brochures, and also had the effect of lowering the fee offset the client received (to the extent performance fees were paid).

11. Papamarkou's practice created a conflict of interest because it had an incentive to recommend investments in funds managed by the Six Fund Managers because of the additional compensation that it stood to receive from the percentage of performance fees payable without offsetting client advisory fees by the same amount. Papamarkou did not disclose this conflict, or its extent, to its clients. In contrast, until Papamarkou published a revised Brochure on January 12, 2022, Papamarkou's Brochure stated that its clients would receive an offset for all Referral Fees received by it or its Affiliated Broker, and that these offsets would address the conflicts of interest these fees presented. Even if Papamarkou had deducted all Referral Fees from the client's advisory fee, the percentage of performance fees (when payable) from the Six Fund Managers, together with the percentage of management fees received, frequently exceeded a client's advisory fee. This also could create a conflict of interest, which was not disclosed, because of the additional compensation that Papamarkou would receive if the total Referral Fees exceeded a client's advisory fee.

12. Between 2019 and January 2022, based on Papamarkou advisory client investments, the Six Fund Managers paid the Affiliated Broker approximately $775,000 as the percentage of performance fees owed under their Referral Fee agreements. Papamarkou should have credited at least $282,921.82 of these Referral Fees to offset the advisory fees paid by those clients to Papamarkou in accordance with the clients' advisory agreements.

13. Following an SEC examination of Papamarkou, Papamarkou published a revised Brochure on January 12, 2022, that disclosed that it would not credit the percentage of performance fee payments the Affiliated Broker received. On July 16, 2025, Papamarkou published a further revised Brochure that made additional disclosures regarding its practice and the resulting conflicts of interest.

14. Papamarkou also failed to implement certain of its written compliance policies and procedures. Papamarkou's policies and procedures required that the firm calculate the advisory fees charged to clients correctly and in the manner described in its advisory agreements and Brochure. Papamarkou's policies and procedures also required that the firm update its standard advisory agreement to, among other things, reflect changes in the firm's "business practices," and to seek existing clients' approval to amend their existing advisory agreements to incorporate such changes if applicable.

15. Despite these policies and procedures, Papamarkou did not calculate advisory fees for clients invested in funds managed by the Six Fund Managers as described in its Brochures until January 2022 and did not calculate client advisory fees as described in existing advisory agreements with these clients until it entered into amended advisory agreements with relevant clients in March 2024 that reflected its offsetting practices. Papamarkou made further revisions to its advisory agreements with existing clients to add additional disclosure in September 2025.

Violations

16. As a result of the conduct described above, Papamarkou willfully[1] violated Section 206(2) of the Advisers Act, which prohibits an investment adviser from engaging in any transaction, practice or course of business that operates as a fraud or deceit upon a client or prospective client. Scienter is not required to establish a violation of Section 206(2), which may rest on a finding of negligence. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (citing *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 194-195 (1963)).

17. As a result of the conduct described above, Papamarkou willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require, among other things, a registered investment adviser to adopt and implement written compliance policies and procedures reasonably designed to prevent violation of the Advisers Act and rules thereunder.

Disgorgement and Civil Penalties

18. The disgorgement and prejudgment interest ordered in paragraph IV.C. is consistent with equitable principles and does not exceed Respondent's net profits from its violations, and will be distributed to affected clients to the extent feasible. Upon approval of the distribution final accounting by the Commission, any amounts remaining that are infeasible to return to affected clients, and any amounts returned to the Commission in the future that are infeasible to return to affected clients, may be transferred by the Commission to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934.

IV.

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

[1] "Willfully," for purposes of imposing relief under Section 203(e) of the Advisers Act, "'means no more than 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." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term "willfully" for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has "willfully omit[ted]" material information from a required disclosure in violation of Section 207 of the Advisers Act).

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

A. Respondent cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder.

B. Respondent is censured.

C. Respondent shall pay disgorgement, prejudgment interest, and a civil penalty, totaling $488,959.05 as follows:

(1) Respondent shall pay disgorgement of $282,921.82 and prejudgment interest of $81,037.23 consistent with the provisions of this Subsection C.

(2) Respondent shall pay a civil money penalty in the amount of $125,000.00 consistent with the provisions of this Subsection C.

(3) Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the penalties, disgorgement, and prejudgment interest described above for distribution to affected clients. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

(4) Within 10 days of the entry of this Order, Respondent shall deposit the full amount of the disgorgement, prejudgment interest, and civil penalty (the "Fair Fund"), into an escrow account at a financial institution not unacceptable to the Commission staff and Respondent shall provide the Commission staff with evidence of such deposit in a form acceptable to the Commission staff. The account holding the assets of the Fair Fund shall

bear the name and the taxpayer identification number of the Fair Fund. If timely deposit into the escrow account is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 [17 C.F.R. § 201.600] and/or 31 U.S.C. § 3717.

(5) Respondent shall be responsible for administering the Fair Fund and may hire a professional to assist it in the administration of the distribution. The costs and expenses of administering the Fair Fund, including any such professional services, shall be borne by Respondent and shall not be paid out of the Fair Fund.

(6) Respondent shall distribute from the Fair Fund to each affected client an amount representing: (a) unpaid advisory fee offsets resulting from the practices discussed above, and (b) from any remaining funds, reasonable interest paid on such unpaid advisory fee offsets, pursuant to a disbursement calculation (the "Calculation") that will be submitted to, reviewed, and approved by the Commission staff in accordance with this Subsection C.

(7) Respondent shall, within 90 days of the entry of this Order, submit a Calculation to the Commission staff for review and approval. At or around the time of submission of the proposed Calculation to the staff, Respondent shall make itself available, and shall require any third parties or professionals retained by Respondent to assist in formulating the methodology for its Calculation and/or administration of the distribution to be available, for a conference call with the Commission staff to explain the methodology used in preparing the proposed Calculation and its implementation, and to provide the staff with an opportunity to ask questions. Respondent also shall provide the Commission staff such additional information and supporting documentation as the Commission staff may request for the purpose of its review. In the event of one or more objections by the Commission staff to Respondent's proposed Calculation or any of its information or supporting documentation, Respondent shall submit a revised Calculation for the review and approval of the Commission staff or additional information or supporting documentation within 10 days of the date that the Commission staff notifies Respondent of the objection. The revised Calculation shall be subject to all of the provisions of this Subsection C.

(8) Respondent shall, within 90 days of the written approval of the Calculation by the Commission staff, submit a payment file (the "Payment File") for review and acceptance by the Commission staff demonstrating the application of the methodology to each affected client. The Payment File should identify, at a minimum: (a) the name of each affected client; (b) the exact amount of the payment to be made, less any tax withholding; (c) the amount of any *de minimis* threshold to be applied; and (d) the amount of

reasonable interest paid. Respondent shall exclude from the payee file all payments to payees that appear on the U.S. Treasury Department Specially Designated Nationals List.

(9) Respondent shall complete the disbursement of all amounts payable to affected clients within 90 days of the date the Commission staff accepts the Payment File unless such time period is extended as provided in Paragraph (13) of this Subsection C. Disbursements to affected clients shall be preceded or accompanied by a letter or other communication, not unacceptable to Commission staff, describing the reason for the payment and the fact that the payment is being made pursuant as a term of this Order. Respondent shall notify the Commission staff of the date(s) and the amount paid in the initial distribution.

(10) If Respondent is unable to distribute or return any portion of the Fair Fund for any reason, including an inability to locate an affected client or a beneficial owner of an affected client or any factors beyond Respondent's control, Respondent shall transfer any such undistributed funds to the Commission for transmittal to the United States Treasury in accordance with Section 21F(g)(3) of the Exchange Act when the distribution of funds is complete and before the final accounting provided for in Paragraph (12) of this Subsection C is submitted to the Commission staff. Payment must be made in one of the following ways:

(a) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(b) 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

(c) 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 Papamarkou Wellner Asset Management, Inc. as a Respondent 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 Thomas P. Smith, Jr., Associate Director, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616, or such other address as the Commission staff may provide.

(11) A Fair Fund is a Qualified Settlement Fund ("QSF") under Section 468B(g) of the Internal Revenue Code ("IRC"), 26 U.S.C. §§1.468B.5. Respondent shall be responsible for all tax compliance responsibilities associated with the Fair Fund's status as a QSF. These responsibilities involve reporting and paying requirements of the Fund, including but not limited to: (1) tax returns for the Fair Fund; (2) information return reporting regarding the payments to affected clients, as required by applicable codes and regulations; and (3) obligations resulting from compliance with the Foreign Account Tax Compliance Act (FATCA). Respondent may retain any professional services necessary. The costs and expenses of tax compliance, including any such professional services, shall be borne by Respondent and shall not be paid out of the Fair Fund.

(12) Within 150 days after Respondent completes the disbursement of all amounts payable to affected clients, Respondent shall return all undisbursed funds to the Commission pursuant to the instruction set forth in this Subsection C. The Respondent shall then submit to the Commission staff a final accounting and certification of the disposition of the Fair Fund for Commission approval, which final accounting and certification shall include, but not be limited to: (a) the amount paid to each payee, with the reasonable interest amount, if any, reported separately; (b) the date of each payment; (c) the check number or other identifier of money transferred; (d) the amount of any returned payment and the date received; (e) a description of the efforts to locate a prospective payee whose payment was returned or to whom payment was not made for any reason; (f) the total amount, if any, to be forwarded to the Commission for transfer to the United States Treasury; and (g) an affirmation that Respondent has made payments from the Fair Fund to affected clients in accordance with the Calculation approved by the Commission staff. The final accounting and certification shall be submitted under a cover letter that identifies Respondent and the Administrative Proceeding File No. of these proceedings and which shall be sent to Thomas P. Smith, Jr., Associate Director, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616, or such other address as the Commission staff may provide. Respondent shall provide any and all supporting documentation for the accounting and certification to the Commission staff upon its request, and shall cooperate with any additional

requests by the Commission staff in connection with the accounting and certification.

(13) The Commission staff may extend any of the procedural dates set forth in this Subsection C for good cause shown. Deadlines for dates relating to the Fair Fund shall be counted in calendar days, except if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

By the Commission.

Vanessa A. Countryman
Secretary