

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 7031 / October 30, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22779

In the Matter of

**Snowden Capital Advisors
LLC**

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTION 15(b)(6) 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)(6) 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 Snowden Capital Advisors LLC (“Snowden Capital” 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 Section 15(b)(6) 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 Respondent's Offer, the Commission finds¹ that:

Summary

This matter arises out of registered investment adviser Snowden Capital's breaches of its fiduciary duty to its retail advisory clients for: (1) failing to fully and fairly disclose its conflicts of interest involving its affiliated broker-dealer's receipt of revenue sharing compensation for margin interest on Snowden Capital's advisory client accounts and cash sweep money market funds related to activity in Snowden Capital's advisory client accounts; and (2) including liability disclaimer language, commonly referred to as a "hedge clause," that contained misleading statements in its retail advisory agreements regarding the scope of Snowden Capital's unwaivable fiduciary duty. Snowden Capital also failed to implement its written policies and procedures related to its hedge clause. As a result, Snowden Capital willfully violated Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder.

Respondent

1. Snowden Capital (d/b/a Snowden Lane Partners) is a Delaware limited liability company with its principal place of business in New York, New York. Snowden Capital has been registered with the Commission as an investment adviser since June 17, 2011. In its Form ADV dated March 27, 2026, Snowden Capital reported that it had approximately \$8.9 billion in regulatory assets under management, including approximately \$8.6 billion for retail clients.

Other Relevant Entity

2. Snowden Account Services LLC ("Snowden Account Services") (d/b/a Snowden Lane Partners) is a Delaware limited liability company with its principal place of business in New York, New York. Snowden Account Services has been registered with the Commission as a broker-dealer since April 8, 2010. Snowden Capital and Snowden Account Services are both majority-owned by the same entity, controlled by the same executives, have shared employees, and share the same office and telephone number.

Background

3. During the period from February 1, 2018 through March 31, 2023, Snowden Account Services was a counterparty to a Fully Disclosed Clearing Agreement ("Clearing Agreement") with Clearing Firm A. Under the Clearing Agreement, Snowden Account Services was eligible to receive various types of compensation from Clearing Firm A. Snowden Capital's advisory clients who were also customers of Snowden Account Services received general

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

disclosures from Clearing Firm A related to, among other things, margin interest and money market fund fees and related revenue sharing arrangements.

Undisclosed Conflicts of Interest

4. From at least February 1, 2018 through March 31, 2023, Snowden Capital breached its fiduciary duty to its retail advisory clients by failing to fully and fairly disclose the actual and potential conflicts of interest arising from compensation paid to its affiliated broker-dealer, Snowden Account Services, by Clearing Firm A pursuant to the Clearing Agreement, related to Snowden Capital's advisory clients' accounts so clients could make an informed decision to consent to the conflicts of interest or reject them.

Margin Interest

5. A margin account is a type of account in which a broker-dealer lends customers cash to purchase securities, using the cash and securities in the brokerage customer's account as collateral. Margin interest is the interest charged to and paid by the customer on the amount of money loaned to the customer against the value of the investments in the margin account.

6. The Clearing Agreement provided that Clearing Firm A would charge margin interest to Snowden Account Services on the margin accounts of its brokerage customers, some of whom were also Snowden Capital's advisory clients. The interest rate charged by Clearing Firm A was based on the client's margin balance, or the amount of the outstanding loan against the value of the investments in the client's margin account.

7. Pursuant to the Clearing Agreement, Snowden Account Services marked up the interest rate paid on margin balances above the base rate charged by Clearing Firm A and kept the additional interest as compensation. This compensation provided Snowden Capital, which shared common ownership and management with Snowden Account Services, with an incentive to recommend that its advisory clients borrow on margin. Certain of Snowden Capital's investment adviser representatives were also registered representatives of Snowden Account Services.

8. From February 1, 2018 through March 31, 2023, Snowden Account Services retained as compensation the additional margin interest charged on Snowden Capital's advisory clients' margin balances.

9. Snowden Capital made no disclosure to its advisory clients that its affiliate, Snowden Account Services, was marking up the margin interest rates and receiving those amounts as compensation for balances held in clients' margin accounts as well as the actual and potential conflicts of interest associated with the margin interest received as compensation by Snowden Account Services.

Cash Sweep Revenue Sharing Arrangement

10. During the period from February 1, 2018 to June 30, 2020, the Clearing Agreement provided for Snowden Account Services to receive compensation from Clearing Firm A, referred to as “distribution assistance” in the Clearing Agreement, based on the balances of Snowden Capital’s advisory clients in certain money market funds used as cash sweep vehicles.

11. Under the Clearing Agreement, Clearing Firm A offered different types of cash sweep money market funds, including: (1) money market funds that would result in distribution assistance payments from Clearing Firm A to Snowden Account Services based on the amount of Snowden Capital’s clients’ investments in these funds (higher average balances resulted in increased distribution assistance payments); and (2) money market funds that did not result in Clearing Firm A making distribution assistance payments to Snowden Account Services.

12. During the period from February 1, 2018 to June 30, 2020, Snowden Capital’s advisory clients’ accounts that were invested in cash sweep money market funds were invested only in those cash sweep money market funds for which Clearing Firm A made distribution assistance payments to Snowden Account Services.

13. Snowden Capital did not provide full and fair disclosure regarding its conflicts of interest associated with the revenue that Snowden Account Services received from Clearing Firm A based on the assets of Snowden Capital’s advisory clients invested in cash sweep money market funds.

Limitation of Liability Provision

14. Language in an advisory agreement that purports to limit the adviser’s liability under the agreement is commonly referred to as a “hedge clause.” Whether a particular hedge clause is misleading is a facts-and-circumstances determination.

15. On June 5, 2019, the Commission published the Commission Interpretation Regarding Standard of Conduct for Investment Advisers, Advisers Act Rel. No. 5248 (June 5, 2019) (“Commission Statement”). The Commission Statement provided in relevant part that “there are few (if any) circumstances in which a hedge clause in an agreement with a retail client would be consistent with [] antifraud provisions, where the hedge clause purports to relieve the adviser from liability for conduct as to which the client has a non-waivable cause of action against the adviser provided by state or federal law. Such a hedge clause generally is likely to mislead those retail clients into not exercising their legal rights, in violation of the antifraud provisions, even where the agreement otherwise specifies that the client may continue to retain its non-waivable rights.” *Id.* at 11 n.31.

16. From at least July 2019, Snowden Capital used an improper hedge clause in two different advisory agreements with its retail clients, one for its Discretionary Wealth Advisory Program and another for its Non-Discretionary Wealth Advisory Program (collectively, the “Client Agreements”), each of which contained a hedge clause that stated, in relevant part:

To the greatest extent permitted by applicable law, Adviser will not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act, omission or conduct [in the management of Client's Account/undertaken by Adviser in connection with this Agreement], including, without limitation, any legal expenses incurred in investigating or defending any demands, charges or claims with respect to the Account, except to the extent that a court of competent jurisdiction or an arbitration panel, in a final non-appealable judgment or order, finds such error or mistake or loss or other action, omission or conduct to have resulted from the gross negligence, willful malfeasance or violation of applicable law by Adviser in the performance of Adviser's duties or obligations under this Agreement.

....

Nothing in this Agreement waives or limits any rights that Client has under applicable federal or state securities laws.

17. The Client Agreements contained a hedge clause that purported to limit Snowden Capital's liability. The language of the hedge clause, when read in its entirety, is inconsistent with an adviser's fiduciary duty because it may mislead Snowden Capital's retail advisory clients into not exercising their non-waivable legal rights.

Compliance Failures

18. Rule 206(4)-7 under the Advisers Act requires registered investment advisers to, among other things, adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and rules thereunder.

19. In June 2023, after the Commission's Division of Examinations conducted an examination and raised the hedge clause issue, Snowden Capital adopted written policies and procedures prohibiting its advisory agreements from containing a hedge clause or similar provision that "is likely to lead a client to believe that the client has waived, in any way, any available right of action the client may have against [Snowden Capital] under federal and/or state securities laws." Despite these updates to its written policies and procedures, Snowden Capital failed to revise its Client Agreements.

Snowden Capital's Remedial Measures

20. In determining to accept the Offer, the Commission considered certain remedial acts undertaken by Snowden Capital.

Violations

21. As a result of the conduct described above, Snowden Capital willfully² violated

² "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*

Section 206(2) of the Advisers Act, which makes it unlawful “to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.” Scienter is not required to establish a violation of Section 206(2), but rather may rest upon 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, 195 (1963)).

22. As a result of the conduct described above, Snowden Capital willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require, among other things, that an investment adviser adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder.

Disgorgement and Civil Penalties

23. 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 related to undisclosed conflicts of interest, 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 clients, and any amounts returned to the Commission in the future that are infeasible to return to clients, may be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

IV.

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

Accordingly, pursuant to Section 15(b)(6) of the Exchange Act, and 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 monetary penalty, totaling \$364,590.30, as follows:

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).

- i. Respondent shall pay disgorgement of \$226,316.99, prejudgment interest of \$38,273.31, totaling \$264,590.30, consistent with the provisions of this Subsection C.
- ii. Respondent shall pay a civil monetary penalty in the amount of \$100,000, consistent with the provisions of this Subsection C.
- iii. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the disgorgement, prejudgment interest and penalties referenced in paragraphs C.i and ii 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 all 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 part 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 Securities and Exchange 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.
- iv. Within ten (10) days of the issuance of this Order, Respondent shall deposit the disgorgement, prejudgment interest, and civil penalty totaling \$364,590.30 (collectively, the "Fair Fund") into an escrow account at a financial institution not unacceptable to Commission staff and Respondent shall provide 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 payment 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.
- v. Respondent shall be responsible for administering the Fair Fund and may hire a professional at its own cost 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.

- vi. Respondent shall distribute from the Fair Fund to each affected client an amount representing the additional margin interest and distribution assistance payments received by Snowden Account Services in connection with the practices detailed in paragraphs 4 through 13 above plus reasonable interest from any remaining funds 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. The Calculation shall be subject to a *de minimis* threshold. No portion of the Fair Fund shall be paid to any affected client account in which Respondent, or any of its current or former officers or directors, has a financial interest.
- vii. Respondent shall, within one hundred eighty (180) 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 Calculation to the staff, Respondent shall make itself available, and shall require any third-parties or professional 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 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 ten (10) days of the date that Commission staff notifies Respondent of the objection. The revised Calculation shall be subject to all of the provisions of this Subsection C.
- viii. Respondent shall, within thirty (30) 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, (1) the name of each affected client; (2) the net amount of the payment to be made; (3) the amount of any *de minimis* threshold to be applied; and (4) 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.
- ix. Respondent shall disburse all amounts payable to affected clients’ accounts within ninety (90) days of the date that the Commission staff accepts the Payment File, unless such time period is extended as provided in Paragraph xiii of this Subsection C. Respondent shall notify the Commission staff of the date and the amount paid in the initial distribution.

x. 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's account or any other 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 once the distribution of funds is complete and before the final accounting provided for in Paragraph xii 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 Snowden Capital Advisors LLC as 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.

xi. A Fair Fund is a Qualified Settlement Fund ("QSF") under Section 468B(g) of the Internal Revenue Code (26 U.S.C. §§ 1.468B.1-1.468B.5.) Respondent agrees to be responsible for tax compliance responsibilities associated with the Fair Fund's status as a QSF. These responsibilities involve reporting and paying requirements of the Fair Fund, including but not limited to: (1) tax returns for the Fair Fund; (2) information return reporting regarding the payments to clients, as required by applicable codes and regulations; and (3) obligations resulting from compliance with the Foreign Account Tax

Compliance Act. 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.

- xii. Within one hundred fifty (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 instructions set forth in this Subsection C. 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: (1) the amount paid to each payee, with the reasonable interest amount, if any, reported separately; (2) the date of each payment; (3) the check number or other identifier of the money transferred; (4) the amount of any returned payment and the date received; (5) a description of the efforts undertaken to locate a prospective payee whose payment was returned or to whom payment was not made for any reason; (6) the total amount, if any, to be forwarded to the Commission for transfer to the United States Treasury; and (7) 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 file number of these proceedings to Thomas P. Smith, Jr., Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616. 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.
- xiii. 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 that 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