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Milne Legal Press Release

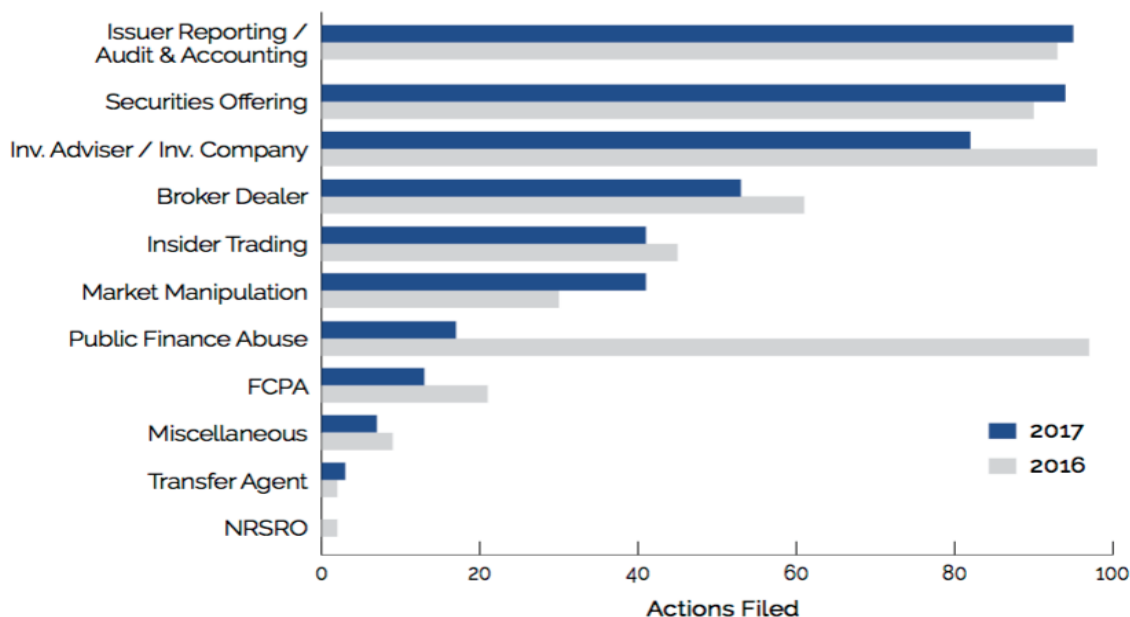
SEC's 2017 Enforcement Actions

I. Introduction

The U.S. Securities and Exchange Commission's ("SEC") Enforcement Division recently issued its Annual Report, "A Look Back at Fiscal Year 2017", highlighting the enforcement actions which were conducted throughout its 2017 fiscal year. The SEC's Annual Report can be found in its entirety at the following site: <https://secsearch.sec.gov>

II. Enforcement Actions in 2017

A significant number of enforcement actions were brought against Investment Advisers and Broker-Dealers as well as Securities Offering and Issuer Reporting.



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III. Noteworthy Enforcement Actions for Investment Advisers

Of the 754 enforcement actions brought by the SEC in 2017, Milne Legal would encourage registered investment advisers to carefully study the following five actions:

- **Barclays Capital** was charged for improper advisory fees and mutual fund sales charges to clients, who were overcharged by nearly \$50 million. The firm agreed to pay more than \$97 million in disgorgement and penalties to settle the Commission's claims. The SEC's charges brought against Barclays Capital can be found at the SEC website.
- **Morgan Stanley Smith Barney** was charged for recommending single inverse ETF investments to its advisory clients. The firm agreed to pay an \$8 million penalty and admit wrongdoing to settle these charges. The SEC's charges brought against Morgan Stanley can be found at the SEC website.
- **Sun Trust Banks'** subsidiary was charged for collecting more than \$1.1 million in avoidable fees from clients by improperly recommending more expensive share classes of various mutual funds when cheaper shares of the same funds were available. The firm agreed to pay a \$1.1 million penalty to settle the charges, and separately began refunding the overcharged fees plus interest to affected clients after the Division's investigation began. The SEC's charges brought against the subsidiary of Sun Trust Bank can be found at the SEC website.
- **Pacific Investment Management Company** was charged for misleading investors about the performance of one of its actively managed exchange-traded funds and failing to accurately value certain fund securities. The firm agreed to retain an independent compliance consultant and pay nearly \$20 million to settle the charges. The SEC's charges brought against the Pacific Investment Management Company can be found at the SEC website.
- **Three New York-based brokers** were charged for making unsuitable recommendations that resulted in substantial losses to customers and hefty commissions for the brokers. One of the brokers agreed to pay more than \$400,000 to settle the charges. The SEC's charges brought against these three NY brokers can be found at the SEC website.

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IV. SEC Mock Examinations and Annual Reviews



Dustin W. Milne
Managing Partner

“Milne Legal has U.S. lawyers and compliance consultants with vast experience in conducting SEC mock examinations and Annual Reviews for Non-U.S. based registered investment advisers. If you would like to benefit from this advisory service, please do not hesitate to contact us.”

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