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Milne Legal Press Release

Three Registered Investment Advisers ordered by the SEC to pay \$12 million to Clients



I. Three RIAs Ordered to Pay \$12 Million to Harmed Clients for Breaching their Fiduciary Duty, Charging Improper Fees and Failing to obtain Best Execution

On April 6, 2018, the U.S. Securities and Exchange Commission (“SEC”) ordered three registered investment advisers to pay \$12 million to harmed clients for breaching their fiduciary duty by failing to properly disclose their conflicts of interest (associated with compensation they received from third parties for investing clients in particular mutual funds), as well as for violating their duty to seek best execution, when they chose to invest their clients in higher-cost mutual fund shares when lower-cost shares of the same funds were available.

Additionally, the SEC found that one of the advisers improperly charged advisory fees to client accounts for periods when there was no assigned investment advisory representative, i.e., an advisory fee was charged to the clients but no service was given.

You can read the SEC’s Press Release at the following location:

<https://www.sec.gov/news/press-release/2018-62>

II. First Annual “SRIAA” Compliance Training

The Managing Partner at Milne Legal, Mr. Dustin Milne, will be speaking on this very subject, as the guest speaker at the upcoming Swiss Registered Investment Advisor Association (“SRIAA”) on June 5, 2018 at the Baur Au Lac hotel in Zurich, Switzerland. Mr. Milne will be discussing this recent SEC proceeding,

along with how an RIA can: (i) satisfy its fiduciary duty, including how to make proper disclosure to clients and avoid conflicts of interest, (ii) refrain from charging inappropriate advisory fees, and (iii) satisfy its best execution duties, among many other important compliance topics.

You can find further details regarding Mr. Milne's SRIAA guest appearance at the Baur Au Lac, as well as how to *sign-up* for the event, at the following site: <https://www.sriaa.org/compliancetraining>



Dustin W. Milne
Managing Partner

“An RIA’s Fiduciary Duty, including proper disclosure of conflicts of interest, remains the cornerstone of the Investment Advisers Act of 1940. Nonetheless, as these three SEC orders illustrate, many advisers either: (i) struggle to fully understand the depths of this duty; or (ii) understand the duty, but fail to satisfy it.”

If you have any questions regarding how an RIA can satisfy its fiduciary duty to its clients, please don’t hesitate to contact us.”

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