

Press Release

SEC Orders Three Investment Advisers to Pay \$12 Million to Harmed Clients

FOR IMMEDIATE RELEASE

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Washington D.C., April 6, 2018 — The Securities and Exchange Commission today announced that three investment advisers have settled charges for breaching fiduciary duties to clients and generating millions of dollars of improper fees in the process.

According to the SEC's orders, PNC Investments LLC, Securities America Advisors Inc., and Geneos Wealth Management Inc. failed to disclose conflicts of interest and violated their duty to seek best execution by investing advisory clients in higher-cost mutual fund shares when lower-cost shares of the same funds were available. The SEC also charged Geneos for failing to identify its revised mutual fund selection disclosures as a "material change" in its 2017 disclosure brochure. Collectively, the firms will pay almost \$15 million, with more than \$12 million going to harmed clients.

"These disclosure failures cause real harm to clients," said C. Dabney O'Riordan, Co-Chief of the Asset Management Unit. "We strongly encourage eligible firms to participate in the recently announced Share Class Selection Disclosure Initiative as part of an effort to stop these violations and return money to harmed investors as quickly as possible."

The Share Class Selection Disclosure Initiative gives eligible advisers until June 12, 2018, to self-report similar misconduct and take advantage of the Enforcement Division's willingness to recommend more favorable settlement terms, including no civil penalties against the adviser.

The SEC's orders also found that PNCI and Geneos failed to disclose the conflict of interest associated with compensation they received from third parties for investing clients in particular mutual funds, and that PNCI improperly charged advisory fees to client accounts for periods when there was no assigned investment advisory representative.

The SEC's orders find that PNCI, SAA, and Geneos each violated provisions of the Investment Advisers Act of 1940, including an antifraud provision. Without admitting or denying the findings, the advisers each consented to a cease-and-desist order and a censure. The orders require PNCI to pay \$6,407,770 in disgorgement and prejudgment interest along with a \$900,000 penalty. SAA must pay \$5,053,448 in disgorgement and prejudgment interest along with a \$775,000 penalty. Geneos must pay \$1,558,121 in disgorgement and prejudgment interest along with a \$250,000 penalty.

The SEC's investigations were conducted by staff from the Asset Management Unit. Noel M. Franklin and Kimberly L. Frederick of the Denver Regional Office conducted the investigations of SAA and Geneos, respectively, and Oreste P. McClung of the Philadelphia Regional Office conducted the investigation of PNCI. John Farinacci, an industry expert in the Asset Management Unit, assisted with all three investigations. The investigations were supervised by Jason Burt and Brendan McGlynn. The SEC examinations that led to the investigations were conducted by Denver Regional Office staff Nicholas F. Madsen, Craig A. Ellis, and Kevin Vincent, and Philadelphia Regional Office staff Eric Elefante, Ly Nguyen, Steven Morton, Daniel Faigus, Miguel Torres, Jonathan Vogan, and Kate Pope.

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Related Materials

- [SEC Order - PNC Investments](#)
- [SEC Order - SAA](#)

- SEC Order - Geneos