

SEC hammers nine firms with \$1.24m in penalties



The regulator's marketing rule sweep found a raft of violations in the investment advisors' advertisements.

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The SEC has gone on another enforcement blitz, this time focusing on nine investment advisors that it said violated the agency's marketing rule.

In a statement Monday, the SEC announced it has settled charges against nine RIAs that reportedly distributed advertisements containing untrue or unsubstantiated claims, as well as testimonials, endorsements, or third-party ratings without the required disclosures.

The nine companies involved have agreed to civil penalties totalling \$1.24 million, **according to the SEC**.

Among the firms penalized, Abacus Planning Group Inc. will pay \$150,000, while AZ Apice Capital Management faces a \$70,000 penalty. Other

companies, such as Beta Wealth Group Inc. and Richard Bernstein Advisors, are also contributing significant amounts, paying \$80,000 and \$295,000, respectively. Integrated Advisors Network, a Texas-based firm, was hit with a \$325,000 penalty – the largest of the lot.

“The Marketing Rule’s provisions regarding truthfulness, substantiation, and disclosure are critical to protecting investors,” stated Corey Schuster, co-chief of the SEC Division of Enforcement’s Asset Management Unit. “The advertisements at issue in each of these actions violated the Marketing Rule and posed a serious risk of misleading investors.”

Among the laundry list of **marketing rule pitfalls** flagged by the SEC, Abacus and Callahan Financial published advertisements that contained untrue statements regarding third-party ratings. Callahan Financial also falsely advertised it was a member of a non-existent organization, according to the regulator.

Meanwhile the SEC found AZ Apice, Droms Strauss Advisors, and Integrated Advisors Network's advertisements held them out as providers of conflict-free advisory services, which the firms were not able to substantiate.

Beta Wealth, a California-based firm, was singled out for disseminating ads regarding a distinction given to one of its principals without being able to back up that material statement of fact.

Howard Bailey Securities faced scrutiny for promoting **testimonials** that were not provided by current clients. The SEC also called the firm out for using endorsements from an individual that appeared on social media, videos, and paraphernalia such as bags and flags without revealing the person was a non-client and a paid endorser.

The SEC also flagged Abacus, Beta Wealth, Professional Financial, and Richard Bernstein Advisors for using third-party ratings without showing when they received those rating or what periods of time those ratings applied to. Some of those ratings, the regulator found, were over five years old.

All nine firms settled without admitting or denying the SEC's findings. They have agreed to be censured, cease violating provisions of the Investment Advisers Act of 1940, and pay the respective penalties.

“Investment advisors must comply with all aspects of **the Marketing Rule**, and we will continue to hold them accountable when they fail to do so,” Schuster said.