

MEMO# 2028

July 13, 1990

ADVISER CENSURED FOR USE OF SOFT DOLLARS OUTSIDE SECTION 28(E)

July 13, 1990 TO: INVESTMENT ADVISER MEMBERS NO. 31-90 INVESTMENT ADVISER ASSOCIATE MEMBERS NO. 28-90 RE: ADVISER CENSURED FOR USE OF SOFT DOLLARS OUTSIDE SECTION 28(e) _____ The SEC recently censured an investment adviser and its president for improperly using soft dollars to pay for services outside the safe harbor of Section 28(e) of the Securities Exchange Act and failing to disclose the arrangements as required in its Form ADV or in brochures sent to clients. The soft dollar payments were provided to another investment adviser (who received payments from brokerage directed to specified firms), in exchange for training in marketing techniques to the employees of the censured investment adviser. In connection with this case, the SEC also censured a broker-dealer for failing to supervise a part-time registered representative with a view to preventing violations of the securities laws. The registered representative operated the adviser that provided the services described above. Attached is a copy of the SEC's Orders against the adviser and broker-dealer. Amy B. Rosenblum Assistant General Counsel Attachment

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