

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 100701/ August 14, 2024

INVESTMENT ADVISERS ACT OF 1940
Release No. 6651 / August 14, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-21997

In the Matter of

**Osaic Services, Inc. and
Osaic Wealth, Inc.,**

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 15(b) AND 21C
OF THE SECURITIES EXCHANGE ACT OF
1934 AND SECTIONS 203(e) AND 203(k) OF
THE INVESTMENT ADVISERS ACT OF
1940, MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Osaic Services, Inc. (“Osaic Services”) and Osaic Wealth, Inc. (“Osaic Wealth”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (“Offers”) that the Commission has determined to accept. Respondents admit the facts set forth in Section III below, acknowledge that their conduct violated the federal securities laws, admit the Commission’s jurisdiction over them and the subject matter of these proceedings, and consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds¹ that:

Summary

1. The federal securities laws impose recordkeeping requirements on broker-dealers and registered investment advisers to ensure that they responsibly discharge their crucial role in our markets. The Commission has long said that compliance with these requirements is essential to investor protection and the Commission's efforts to further its mandate of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation.

2. These proceedings arise out of the widespread and longstanding failure of Osaic Services and Osaic Wealth employees throughout the firms, including at senior levels, to adhere to certain of these essential requirements and the firms' own policies. Using their personal devices, these employees communicated both internally and externally by text messages, which were not an approved written communications platform ("off-channel communications").

3. From at least August 2019, Osaic Services and Osaic Wealth employees sent and received off-channel communications that related to the broker-dealer businesses operated by Osaic Services and Osaic Wealth and with respect to Osaic Services' and Osaic Wealth's investment advisory businesses related to recommendations made or proposed to be made and advice given or proposed to be given. Respondents did not maintain or preserve the substantial majority of these written communications. Respondents' failures were firm-wide, and involved employees at various levels of authority. As a result, Osaic Services and Osaic Wealth violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder and Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder.

4. Respondents' supervisors, who were responsible for supervising junior employees, routinely communicated off-channel using their personal devices. In fact, senior managers and department heads responsible for supervising junior employees themselves failed to comply with Respondents' policies by communicating using non-firm approved methods on their personal devices about Respondents' broker-dealer and/or investment adviser businesses, as applicable.

5. Respondents' widespread failure to implement their policies and procedures that prohibit such communications led to their failure to reasonably supervise their employees within the meaning of Section 15(b)(4)(E) of the Exchange Act and Section 203(e)(6) of the Advisers Act.

6. During the time period that Respondents failed to maintain and preserve off-channel communications that their employees sent and received related to the broker-dealer and investment adviser businesses, Respondents received and responded to Commission subpoenas for documents and/or records requests in numerous Commission investigations. As a

¹ The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

result, Respondents' recordkeeping failures likely impacted the Commission's ability to carry out its regulatory functions and investigate violations of the federal securities laws across these investigations.

7. Commission staff uncovered Respondents' misconduct after commencing a risk-based initiative to investigate the use of off-channel and unpreserved communications at broker-dealers. Respondents have initiated a review of their recordkeeping failures and begun a program of remediation. As set forth in the Undertakings below, Respondents will retain an independent compliance consultant to review and assess Respondents' remedial steps relating to their recordkeeping practices, policies and procedures, related supervisory practices, and employment actions.

Respondents

8. **Osaic Services, Inc. ("Osaic Services")** is a Delaware corporation with its principal office in Phoenix, Arizona and is registered with the Commission as a broker-dealer. Osaic Services also was previously registered with the Commission as an investment adviser from October 2005 until September 29, 2023, when its withdrawal of its registration on Form ADV-W became effective. Osaic Services is a subsidiary of Osaic, Inc., a wholly-owned subsidiary of Osaic Holdings, Inc.

9. **Osaic Wealth, Inc. ("Osaic Wealth")** is a Delaware corporation with its principal office in Jersey City, New Jersey and is registered with the Commission as a broker-dealer and investment adviser. Osaic Wealth is a subsidiary of Osaic, Inc., a wholly-owned subsidiary of Osaic Holdings, Inc.

Recordkeeping Requirements under the Exchange and Advisers Acts

10. Section 17(a)(1) of the Exchange Act and Section 204 of the Advisers Act authorize the Commission to issue rules requiring, respectively, broker-dealers and investment advisers to make and keep for prescribed periods, and furnish copies of, such records as necessary or appropriate in the public interest, for the protection of investors or, with respect to the Exchange Act, otherwise in furtherance of the purposes of the Exchange Act.

11. The Commission adopted Rule 17a-4 under the Exchange Act and Rule 204-2 under the Advisers Act pursuant to this authority. These rules specify the manner and length of time that the records created in accordance with Commission rules, and certain other records produced by broker-dealers or investment advisers, must be maintained and produced promptly to Commission representatives.

12. The rules adopted under Section 17(a)(1) of the Exchange Act, including Rule 17a-4(b)(4), require that broker-dealers preserve in an easily accessible place, originals of all communications received and copies of all communications sent relating to the firm's business as such. These rules impose minimum recordkeeping requirements that are based on standards a prudent broker-dealer should follow in the normal course of business.

13. The Commission previously has stated that these and other recordkeeping requirements “are an integral part of the investor protection function of the Commission, and other securities regulators, in that the preserved records are the primary means of monitoring compliance with applicable securities laws, including antifraud provisions and financial responsibility standards.” Commission Guidance to Broker-Dealers on the Use of Electronic Storage Media under the Electronic Signatures in Global and National Commerce Act of 2000 with Respect to Rule 17a-4(f), 17 C.F.R. Part 241, Exchange Act Rel. No. 44238 (May 1, 2001).

14. The rules adopted under Advisers Act Section 204, including Advisers Act Rule 204-2(a)(7), require that investment advisers preserve in an easily accessible place originals of all communications received and copies of all written communications sent relating to: (a) any recommendation made or proposed to be made and any advice given or proposed to be given; (b) any receipt, disbursement or delivery of funds or securities; (c) the placing or execution of any order to purchase or sell any security; or (d) predecessor performance and the performance or rate of return of any or all managed accounts, portfolios, or securities recommendations.

Osaic Services’ and Osaic Wealth’s Policies and Procedures

15. Osaic Services and Osaic Wealth maintained certain policies and procedures designed to ensure the retention of business-related records, including electronic communications, in compliance with the relevant recordkeeping provisions.

16. Osaic Services and Osaic Wealth employees were advised that the use of unapproved electronic communications methods, including on their personal devices, was not permitted, and they should not use personal email, chats or text messaging applications for business purposes, or forward work-related communications to their personal devices.

17. Messages sent through firm-approved communications methods were monitored, subject to review, and, when appropriate, archived. Messages sent through unapproved communications methods, such as unapproved applications on personal devices, were not monitored, subject to review or archived.

18. Respondents’ policies were designed to address supervisors’ supervision of employees’ training in Respondents’ communications policies and adherence to Respondents’ books and recordkeeping requirements. Supervisory policies notified employees that electronic communications were subject to surveillance by Osaic Services and Osaic Wealth. Osaic Services and Osaic Wealth had procedures for all employees, including supervisors, requiring annual self-attestations of compliance.

19. Osaic Services and Osaic Wealth, however, failed to implement systems to determine that all personnel, including supervisors, were reasonably following Osaic Services’ and Osaic Wealth’s policies. While permitting employees to use approved communications methods, including on personal phones, for business communications, Osaic Services and Osaic Wealth failed to implement sufficient monitoring to ensure that their recordkeeping and communications policies were being followed.

Osaic Services' and Osaic Wealth's Recordkeeping Failures Across Their Businesses

20. In September 2021, the Commission staff commenced a risk-based initiative to investigate whether broker-dealers were properly retaining business-related messages sent and received on personal devices. A firm affiliated with Osaic Services and Osaic Wealth, which merged into Osaic Wealth in January 2024, cooperated with the investigation by voluntarily interviewing a sampling of senior personnel and gathering and reviewing messages found on the individuals' personal devices. These personnel included senior leadership, such as department heads and vice presidents. Osaic Services and Osaic Wealth voluntarily expanded the scope of the investigation to include their own firms and other affiliated firms and reported their findings to Commission staff.

21. The Commission staff's investigation uncovered pervasive off-channel communications at various seniority levels of Osaic Services' and Osaic Wealth's broker-dealer businesses. In addition, the Commission staff's investigation uncovered the use of off-channel communications at various seniority levels within Osaic Services' and Osaic Wealth's investment advisory businesses. The investigation determined that most broker-dealer and investment adviser personnel sampled had engaged in at least some level of off-channel communications. Overall, these personnel sent and received numerous off-channel communications, involving other Osaic Services and Osaic Wealth personnel and external contacts in the securities industry. Within Osaic Services and Osaic Wealth, a number of senior leadership participated in off-channel communications.

22. From at least August 2019, Osaic Services and Osaic Wealth personnel sent and received off-channel communications that concerned the businesses of the broker-dealers.

23. For example, from February 22, 2022 to August 18, 2022, a vice president at Osaic Services and Osaic Wealth exchanged numerous off-channel communications with at least 21 colleagues and at least one external contact in the securities industry. Within Osaic Services and Osaic Wealth, this vice president communicated off-channel with junior employees under their supervision. These communications related to the broker-dealers' businesses as such.

24. Additionally, from March 3, 2022 to August 5, 2022, a department head at Osaic Services and Osaic Wealth exchanged numerous off-channel communications with at least 6 colleagues, including with junior employees under their supervision. These communications related to the broker-dealers' businesses as such.

25. From at least August 2019, Osaic Services and Osaic Wealth investment adviser personnel sent and received off-channel communications subject to the record-keeping requirements of Advisers Act Rule 204-2.

26. For example, in June 2022, investment adviser personnel at Osaic Services and Osaic Wealth exchanged off-channel communications related to advice about investment recommendations made or proposed to be made for advisory client accounts.

Osaic Services’ and Osaic Wealth’s Failures to Preserve Required Records Potentially Compromised and Delayed Commission Matters

27. Between August 2019 and the present, Osaic Services and Osaic Wealth received and responded to Commission subpoenas for documents and/or records requests in Commission investigations. By failing to maintain and preserve required records relating to their businesses, Osaic Services and Osaic Wealth likely deprived the Commission of these off-channel communications in various investigations.

Osaic Services’ and Osaic Wealth’s Violations and Failure to Supervise

28. As a result of the conduct described above, from at least August 2019 through the date of this Order, Osaic Services and Osaic Wealth willfully² violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder.

29. As a result of the conduct described above, from at least August 2019 through the date of this Order, Osaic Services and Osaic Wealth willfully violated Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder.

30. As a result of the conduct described above, Osaic Services and Osaic Wealth failed reasonably to supervise their employees with a view to preventing or detecting certain of their employees’ aiding and abetting violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder, within the meaning of Section 15(b)(4)(E) of the Exchange Act.

31. As a result of the conduct described above, Osaic Services and Osaic Wealth failed reasonably to supervise their employees with a view to preventing or detecting certain of their employees’ aiding and abetting violations of Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder, within the meaning of Section 203(e)(6) of the Advisers Act.

Osaic Services’ and Osaic Wealth’s Remedial Efforts

32. In determining to accept the Offers, the Commission considered steps promptly undertaken by Osaic Services and Osaic Wealth prior to and after being approached by Commission staff, including rolling out an on-channel external messaging application to their

² “Willfully,” for purposes of imposing relief under Section 15(b) of the Exchange Act and Section 203(e) of the Advisers Act “means no more than that the person charged with the duty knows what he is doing.” See *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term “willfully” for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has “willfully omit[ted]” material information from a required disclosure in violation of Section 207 of the Advisers Act).

employees in April 2021, conducting additional internal investigation and reporting their findings to Commission staff, and cooperation afforded the Commission staff.

Undertakings

33. Prior to this action, Respondents enhanced their policies and procedures, and increased training concerning the use of approved communications methods, including on personal devices, and began implementing significant changes to the technology available to employees. In addition, Respondents have undertaken to:

34. Independent Compliance Consultant.

a. Osaic Services and Osaic Wealth shall each retain, within thirty (30) days of the entry of this Order, the services of an independent compliance consultant (“Compliance Consultant”) that is not unacceptable to the Commission staff. The Compliance Consultant’s compensation and expenses shall be borne exclusively by Osaic Services and Osaic Wealth.

b. Osaic Services and Osaic Wealth will oversee the work of the Compliance Consultant.

c. Osaic Services and Osaic Wealth shall provide to the Commission staff, within sixty (60) days of the entry of this Order, a copy of the engagement letter detailing the Compliance Consultant’s responsibilities, which shall include a comprehensive compliance review as described below. Osaic Services and Osaic Wealth shall require that, within ninety (90) days of the date of the engagement letter, the Compliance Consultant conduct:

i. A comprehensive review of Osaic Services’ and Osaic Wealth’s supervisory, compliance, and other policies and procedures designed to ensure that Osaic Services’ and Osaic Wealth’s electronic communications, including those found on personal electronic devices, including without limitation, cellular phones (“Personal Devices”), are preserved in accordance with the requirements of the federal securities laws.

ii. A comprehensive review of training conducted by Osaic Services and Osaic Wealth to ensure personnel are complying with the requirements regarding the preservation of electronic communications, including those found on Personal Devices, in accordance with the requirements of the federal securities laws, including by ensuring that Osaic Services and Osaic Wealth personnel certify in writing on a quarterly basis that they are complying with preservation requirements.

iii. An assessment of the surveillance program measures implemented by Osaic Services and Osaic Wealth to ensure compliance, on an ongoing basis, with the requirements found in the federal securities laws to preserve electronic communications, including those found on Personal Devices.

iv. An assessment of the technological solutions that Osaic Services and Osaic Wealth have begun implementing to meet the record retention requirements of the federal securities laws, including an assessment of the likelihood that Osaic Services and Osaic Wealth personnel will use the technological solutions going forward and a review of the measures employed by Osaic Services and Osaic Wealth to track employee usage of new technological solutions.

v. An assessment of the measures used by Osaic Services and Osaic Wealth to prevent the use of unauthorized communications methods for business communications by employees. This assessment should include, but not be limited to, a review of Osaic Services' and Osaic Wealth's policies and procedures to ascertain if they provide for any significant technology and/or behavioral restrictions that help prevent the risk of the use of unapproved communications methods on Personal Devices (e.g., trading floor restrictions).

vi. A review of Osaic Services' and Osaic Wealth's electronic communications surveillance routines to ensure that electronic communications through approved communications methods found on Personal Devices are incorporated into Osaic Services' and Osaic Wealth's overall communications surveillance program.

vii. A comprehensive review of the framework adopted by Osaic Services and Osaic Wealth to address instances of non-compliance by Osaic Services and Osaic Wealth employees with Osaic Services' and Osaic Wealth's policies and procedures concerning the use of Personal Devices to communicate about Osaic Services and Osaic Wealth business in the past. This review shall include a survey of how Osaic Services and Osaic Wealth determined which employees failed to comply with Osaic Services and Osaic Wealth policies and procedures, the corrective action carried out, an evaluation of who violated policies and why, what penalties were imposed, and whether penalties were handed out consistently across business lines and seniority levels.

d. Osaic Services and Osaic Wealth shall require that, within forty-five (45) days after completion of the review set forth in sub-paragraphs c.i. through c.vii. above, the Compliance Consultant shall submit a detailed written report of its findings to each of Osaic Services and Osaic Wealth and to the Commission staff (the "Report"). Osaic Services and Osaic Wealth shall require that the Report include a description of the review performed, the names of the individuals who performed the review, the conclusions reached, the Compliance Consultant's recommendations for changes in or improvements to Osaic Services' and Osaic Wealth's policies and procedures, and a summary of the plan for implementing the recommended changes in or improvements to Osaic Services' and Osaic Wealth's policies and procedures.

e. Osaic Services and Osaic Wealth shall adopt all recommendations contained in the Report within ninety (90) days of the date of the Report; provided, however, that

within forty-five (45) days after the date of the Report, Osaic Services and Osaic Wealth shall advise the Compliance Consultant and the Commission staff in writing of any recommendations that Osaic Services and Osaic Wealth consider to be unduly burdensome, impractical, or inappropriate. With respect to any recommendation that Osaic Services and Osaic Wealth consider unduly burdensome, impractical, or inappropriate, Osaic Services and Osaic Wealth need not adopt such recommendation at that time, but shall propose in writing an alternative policy, procedure, or disclosure designed to achieve the same objective or purpose.

f. As to any recommendation concerning Osaic Services' and Osaic Wealth's policies or procedures on which Osaic Services and Osaic Wealth and the Compliance Consultant do not agree, Osaic Services and Osaic Wealth and the Compliance Consultant shall attempt in good faith to reach an agreement within sixty (60) days after the date of the Report. Within fifteen (15) days after the conclusion of the discussion and evaluation by Osaic Services and Osaic Wealth and the Compliance Consultant, Osaic Services and Osaic Wealth shall require that the Compliance Consultant inform Osaic Services and Osaic Wealth and the Commission staff in writing of the Compliance Consultant's final determination concerning any recommendation that Osaic Services and Osaic Wealth consider to be unduly burdensome, impractical, or inappropriate. Osaic Services and Osaic Wealth shall abide by the determinations of the Compliance Consultant and, within sixty (60) days after final agreement between Osaic Services and Osaic Wealth and the Compliance Consultant or final determination by the Compliance Consultant, whichever occurs first, Osaic Services and Osaic Wealth shall adopt and implement all of the recommendations that the Compliance Consultant deems appropriate.

g. Osaic Services and Osaic Wealth shall cooperate fully with the Compliance Consultant and shall provide the Compliance Consultant with access to such of Osaic Services' and Osaic Wealth's files, books, records, and personnel as are reasonably requested by the Compliance Consultant for review.

h. Osaic Services and Osaic Wealth shall not have the authority to terminate the Compliance Consultant or substitute another compliance consultant for the initial Compliance Consultant, without the prior written approval of the Commission staff. Osaic Services and Osaic Wealth shall compensate the Compliance Consultant and persons engaged to assist the Compliance Consultant for services rendered under this Order at their reasonable and customary rates.

i. For the period of engagement and for a period of two years from completion of the engagement, Osaic Services and Osaic Wealth shall not (i) retain the Compliance Consultant for any other professional services outside of the services described in this Order; (ii) enter into any other professional relationship with the Compliance Consultant, including any employment, consultant, attorney-client, auditing or other professional relationship; or (iii) enter, without prior written consent of the Commission staff, into any such professional relationship with any of the Compliance Consultant's present or former affiliates, employers, directors, officers, employees, or agents acting in their capacity as such.

j. The Report by the Compliance Consultant will likely include confidential financial, proprietary, competitive business or commercial information. Public disclosure of the Report could discourage cooperation, impede pending or potential government investigations or undermine the objectives of the reporting requirement. For these reasons, among others, the Report and the contents thereof are intended to remain and shall remain non-public, except (1) pursuant to court order, (2) as agreed to by the parties in writing, (3) to the extent that the Commission determines in its sole discretion that disclosure would be in furtherance of the Commission's discharge of its duties and responsibilities, or (4) as otherwise required by law.

35. One-Year Evaluation. Osaic Services and Osaic Wealth shall each require the Compliance Consultant to assess Osaic Services' and Osaic Wealth's programs for the preservation, as required under the federal securities laws, of electronic communications, including those found on Personal Devices, commencing one year after submitting the Report required by Paragraph 34.d above. Osaic Services and Osaic Wealth shall require this review to evaluate Osaic Services' and Osaic Wealth's progress in the areas described in Paragraphs 34.c.i-vii above. After this review, Osaic Services and Osaic Wealth shall require the Compliance Consultant to submit a report (the "One Year Report") to each of Osaic Services and Osaic Wealth and the Commission staff and shall ensure that the One Year Report includes an updated assessment of Osaic Services' and Osaic Wealth's policies and procedures with regard to the preservation of electronic communications (including those found on Personal Devices), training, surveillance programs, and technological solutions implemented in the prior year period.

36. Reporting Discipline Imposed. For two years following the entry of this Order, Osaic Services and Osaic Wealth shall notify the Commission staff as follows upon the imposition of any discipline imposed by Osaic Services and Osaic Wealth, including, but not limited to, written warnings, loss of any pay, bonus, or incentive compensation, or the termination of employment, with respect to any employee found to have violated Osaic Services' and Osaic Wealth's policies and procedures concerning the preservation of electronic communications, including those found on Personal Devices: at least 48 hours before the filing of a Form U-5, or within ten (10) days of the imposition of other discipline.

37. Internal Audit. In addition to the Compliance Consultant's review and issuance of the One Year Report, Osaic Services and Osaic Wealth will each also have their respective Internal Audit function conduct a separate audit(s) to assess Osaic Services' and Osaic Wealth's progress in the areas described in Paragraphs 34.c.i-vii above. After completion of this audit(s), Osaic Services and Osaic Wealth shall ensure that Internal Audit submits a report to each of Osaic Services and Osaic Wealth and to the Commission staff.

38. Recordkeeping. Osaic Services and Osaic Wealth shall each preserve, for a period of not less than six (6) years from the end of the fiscal year last used, the first two (2) years in an easily accessible place, any record of compliance with these undertakings.

39. Deadlines. For good cause shown, the Commission staff may extend any of the procedural dates relating to the undertakings. Deadlines for procedural dates shall be counted in

calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.

40. Certification. Osaic Services and Osaic Wealth shall each certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondents agree to provide such evidence. The certification and supporting material shall be submitted to Anne C. McKinley, Assistant Regional Director, Division of Enforcement, Chicago Regional Office, 175 West Jackson Boulevard, Suite 1450, Chicago, Illinois 60604, or such other person as the Commission staff may request, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act and Sections 203(e) and 203(k) of the Advisers Act, it is hereby ORDERED that:

- A. Respondents cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Exchange Act and Rule 17a-4 thereunder.
- B. Respondents cease and desist from committing or causing any violations and any future violations of Section 204 of the Advisers Act and Rule 204-2 thereunder.
- C. Respondents are censured.
- D. Respondents shall comply with the undertakings enumerated in paragraphs 33 to 40 above.
- E. Respondents shall, jointly and severally, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$18,000,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

- (3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Osaic Services and Osaic Wealth as the Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Anne C. McKinley, Assistant Regional Director, Division of Enforcement, Chicago Regional Office, 175 West Jackson Boulevard, Suite 1450, Chicago, Illinois 60604.

F. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary