UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 6682 / September 9, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22093

In the Matter of **Integrated Advisors Network LLC** **Respondent.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO 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 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") against Integrated Advisors Network LLC ("Integrated Advisors" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer"), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to 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 Respondent's Offer, the Commission finds that:

Summary

1. This matter involves failures by Integrated Advisors, a registered investment adviser, to comply with Advisers Act Rule 206(4)-1 (the "Marketing Rule"). Specifically, after the compliance deadline for the Marketing Rule on November 4, 2022, and continuing through May 30, 2024 (the "Relevant Period"), Integrated Advisors disseminated an advertisement in which it claimed to provide investment advice that put the client first by "aligning incentives and eliminating conflicts of interest," without providing any context for this claim. Integrated Advisors recognizes various conflicts of interest inherent in the role as an investment adviser, including conflicts of interest disclosed in its Form ADV Part 2A brochures. As a result, Integrated Advisors lacked a reasonable basis to believe that it would be able to substantiate the claim of eliminating its conflicts of interest upon demand by the Commission and violated Section 206(4) of the Advisers Act and Rule 206(4)-1(a) thereunder.

Respondent

2. Respondent Integrated Advisors is a Delaware limited liability company with its principal place of business in Dallas, Texas. Integrated Advisors has been registered with the Commission as an investment adviser since May 11, 2015. In its Form ADV dated March 30, 2024, Integrated Advisors reported that it had approximately $4.2 billion in regulatory assets under management. Integrated Advisors offers advisory services through a network of adviser representatives. Some of these adviser representatives have established their own business entities to conduct their advisory practices, which are known as "doing business as" or "DBA" firms. These adviser representatives are under the supervision of Integrated Advisors. As the registered investment adviser through which the DBA firms offer their investment advisory services, Integrated Advisors is responsible for ensuring the DBA firms comply with applicable securities laws.

Facts

3. On December 22, 2020, the Commission adopted significant amendments to Advisers Act Rule 206(4)-1, which governs marketing by Commission-registered investment advisers. *See Investment Adviser Marketing*, Release No. IA-5653 (Dec. 22, 2020) (effective May 4, 2021) ("Adopting Release"). The Commission set a deadline of November 4, 2022, eighteen months after the amendments' effective date of May 4, 2021, for registered investment advisers to come into compliance with the Marketing Rule. *See id.* at 252.

4. Under the Marketing Rule, registered investment advisers are prohibited from including in advertisements any material statement of fact that the adviser does not have a reasonable basis for believing it will be able to substantiate upon demand by the Commission. *See* Advisers Act Rule 206(4)-1(a)(2).

5. The Marketing Rule defines an "advertisement," in pertinent part, to include "[a]ny direct or indirect communication an investment adviser makes to more than one person … that offers the investment adviser's investment advisory services with regard to securities to prospective clients . . . or offers new investment advisory services with regard to securities to current clients." Advisers Act Rule 206(4)-1(e)(1).

6. During the Relevant Period, Integrated Advisors published a communication on the public website of one of its DBA firms that constituted an "advertisement" because it offered investment advisory services with regard to securities to prospective clients, through its affiliation with Integrated Advisors, and offered new investment advisory services with regard to securities to current clients. As the communication was published on a public website, it was made to more than one person.

7. This advertisement contained the material statement of fact that the DBA firm was "a true fiduciary that puts the client first by aligning incentives and eliminating conflicts of interest" without providing any context for this claim. However, Integrated Advisors has recognized various conflicts of interest inherent in providing investment advisory services, including conflicts of interest disclosed in its Form ADV Part 2A brochures. As a result, Integrated Advisors lacked a reasonable basis for believing it would be able to substantiate upon demand by the Commission the material statement of fact appearing in advertisements that it "is a true fiduciary that puts the client first by aligning incentives and eliminating conflicts of interest."

Violations

8. As a result of the conduct described above, Integrated Advisors willfully[1] violated Section 206(4) of the Advisers Act and Rule 206(4)-1(a) thereunder.

[1] "Willfully," for purposes of imposing relief under Section 203(e) of the Advisers Act, "'means no more than that the person charged with the duty knows what he is doing.'" *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).

Undertakings

9. Respondent has undertaken to:

a. Within 45 days of the entry of this Order, review its advertisements and confirm that the advertisements Integrated Advisors is presently disseminating, including through its DBA firms and adviser representatives, comply with the requirements of the Marketing Rule.

b. Within 50 days of the entry of this Order, certify, in writing, compliance with the undertakings ordered pursuant to Section IV.C. below. The certification shall identify the undertaking(s), 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 Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to Colin D. Forbes, Assistant Director, Asset Management Unit, Securities and Exchange Commission, Boston Regional Office, 33 Arch Street, 24th Floor, Boston, MA 02110, or such other address as the Commission may provide, with a copy to the Office of Chief Counsel of the Division of Enforcement, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

c. For good cause shown, the Commission staff may extend any of the procedural dates relating to these 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 the last day.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Integrated Advisors' Offer.

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

A. Respondent cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-1 thereunder.

B. Respondent is censured.

C. Respondent shall comply with the undertakings enumerated in Section III, paragraphs 9.a and 9.b above.

D. Respondent shall pay a civil money penalty in the amount of $325,000 to the Commission for transfer to the general fund of the United States Treasury, subject to the Securities Exchange Act of 1934 Section 21F(g)(3). Payment shall be made in the following installments:

within 10 days of the entry of this Order, Respondent shall pay $115,000 of the civil penalty amount; thereafter, Respondent shall pay three additional installments of $70,000 each with the first additional installment to be paid within 120 days of the entry of this Order, the second additional installment to be paid within 240 days of the entry of this Order, and the third additional installment to be paid within 360 days of the entry of this Order, plus all accrued interest. Payments shall be applied first to post-order interest, which accrues pursuant to 31. U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission. 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) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent 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) Respondent 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 Integrated Advisors as a Respondent in these proceedings, and the file number of the proceedings; a copy of the cover letter and check or money order must be sent to Colin D. Forbes, Assistant Director, Asset Management Unit, Securities and Exchange Commission, Boston Regional Office, 33 Arch Street, 24th Floor, Boston, MA 02110, or such other address as the Commission staff may provide.

E. 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, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it 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 Respondent 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