

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10438 / November 22, 2017

SECURITIES EXCHANGE ACT OF 1934
Release No. 82151 / November 22, 2017

INVESTMENT ADVISERS ACT OF 1940
Release No. 4813 / November 22, 2017

INVESTMENT COMPANY ACT OF 1940
Release No. 32906 / November 22, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-12476

In the Matter of

**HARTFORD INVESTMENT
FINANCIAL SERVICES, LLC
(now known as Hartford Funds
Distributors, LLC), HL
INVESTMENT ADVISORS,
LLC, AND HARTFORD
SECURITIES
DISTRIBUTION COMPANY,
INC.**

Respondents.

**ORDER MODIFYING ORDER
INSTITUTING ADMINISTRATIVE AND
CEASE-AND-DESIST PROCEEDINGS,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER PURSUANT TO
SECTION 8A OF THE SECURITIES ACT OF
1933, SECTION 15(b) OF THE SECURITIES
EXCHANGE ACT OF 1934, SECTIONS 203(e)
AND 203(k) OF THE INVESTMENT
ADVISERS ACT OF 1940, AND SECTIONS
9(b) AND 9(f) OF THE INVESTMENT
COMPANY ACT OF 1940**

I.

On November 8, 2006, the Securities and Exchange Commission (the “Commission”) instituted administrative and cease-and-desist proceedings, making findings, and imposing remedial sanctions and a cease-and-desist order against: (1) Hartford Investment Financial Services, LLC (now known as Hartford Funds Distributors, LLC) (“Hartford Investment”) pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 203(e) and 203(k) of the

Investment Advisers Act of 1940 (“Advisers Act”) and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Investment Company Act”); (2) HL Investment Advisors, LLC (“HL Advisors”) pursuant to Section 8A of the Securities Act, Sections 203(e) and 203(k) of the Advisers Act, and Sections 9(b) and 9(f) of the Investment Company Act; and (3) Hartford Securities Distribution Company, Inc. (“Hartford Distribution”) pursuant to Section 8A of the Securities Act, Section 15(b) of the Exchange Act, Section 203(k) of the Advisers Act and Sections 9(b) and 9(f) of the Investment Company Act (“2006 Order”) (Hartford Investment, HL Advisors and Hartford Distribution collectively, the “Respondents”).¹

II.

The Respondents consented to the 2006 Order. Among other things, the 2006 Order required the Respondents to cease-and-desist from further violations of the federal securities laws, directed Respondents to pay disgorgement and civil money penalties, and directed the Respondents to comply with various undertakings.

III.

The Respondents have submitted an Amended Offer of Settlement (“Offer”), which the Commission has determined to accept, proposing to modify the Commission’s 2006 Order to: (1) relieve them of the obligation to maintain a Disclosure Review Committee in accordance with paragraph 35.a of the 2006 Order; (2) relieve them of the obligation to maintain an Internal Compliance Controls Committee in accordance with paragraphs 36.d – 36.h of the 2006 Order; (3) modify the requirements regarding revenue sharing policies in accordance with paragraph 35.b of the 2006 Order; and (4) modify the requirements regarding annual compliance training in accordance with paragraph 36.i of the 2006 Order. Solely for purposes 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 them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Modifying Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933, Section 15(b) of the Securities Exchange Act of 1934, Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Order”), as set forth below.

IV.

The Commission deems it appropriate and in the public interest to modify the 2006 Order as agreed in the Respondents’ Offer:

¹ See Exchange Act Rel. No. 54720, Admin. Proc. File No. 3-12476 (Nov. 8, 2006).

Accordingly, IT IS HEREBY ORDERED that:

- A. Paragraph 35.a of the 2006 Order is modified as follows:
 - 35.a. The Respondents shall maintain, until at least November 30, 2017, a Disclosure Review Committee designed to ensure that prospectus and SAI disclosures for investment products are accurate, appropriate, timely and, where appropriate, consistent. The Committee includes senior business leaders, compliance officers and attorneys.

- B. Paragraph 35.b of the 2006 Order is modified as follows:
 - 35.b. The Respondents have appointed a senior level employee to implement the following written policies and procedures:
 - i. all revenue sharing arrangements relating to the sale of Retail Funds and HLS Funds shares must be in writing and in a form approved by the chief legal officer of the Hartford mutual fund business or his/her delegate.
 - ii. all revenue sharing arrangements relating to the sale of variable annuities offering investment in Hartford Separate Accounts that invest in the HLS Funds must be in writing and in a form approved by the chief legal officer of the Hartford variable annuity business or his/her delegate.

- C. Paragraph 36.d of the 2006 Order is modified as follows:
 - 36.d. The Respondents shall maintain until at least November 30, 2017, an Internal Compliance Controls Committee to be chaired by the Vice President, Securities Compliance of Hartford Life, which Committee shall have as its members senior business leaders from the Investment Products Division, at least one member of Hartford Life's legal department and at least one member of the Disclosure Review Committee.

- D. Paragraph 36.e of the 2006 Order is modified as follows:
 - 36.e. Until at least November 30, 2017, notice of all meetings of the Internal Compliance Controls Committee shall be given to the outside independent counsel of the Retail and HLS Funds' Boards, to the extent that such meetings relate to the Retail and HLS Funds.

- E. Paragraph 36.f of the 2006 Order is modified as follows:
 - 36.f. Until at least November 30, 2017, the Internal Compliance Controls Committee shall review compliance issues relating to the Investment

Products Division's lines of businesses, endeavor to develop solutions to those issues as they may arise from time to time, and oversee implementation of those solutions. Until at least November 30, 2017, the Internal Compliance Controls Committee shall provide reports on internal compliance matters relevant to the Retail and HLS Funds to the Retail and HLS Funds' Boards with such frequency as they may reasonably instruct, and in any event at least quarterly. Until at least November 30, 2017, the Internal Compliance Controls Committee shall also provide reports on internal compliance matters relevant to all other products within the Investment Products Division to Hartford Life's Board with such frequency as it may reasonably instruct, and in any event at least quarterly.

F. Paragraph 36.g of the 2006 Order is modified as follows:

36.g. Until at least November 30, 2017, the Internal Compliance Controls Committee shall review at least annually the Investment Products Division's policies and procedures established to address compliance issues under the Investment Advisers Act, Investment Company Act and any other applicable federal securities laws and that any violations are reported to the Internal Compliance Controls Committee and shall document that review.

G. Paragraph 36.h of the 2006 Order is modified as follows:

36.h. Until at least November 30, 2017, the Internal Compliance Controls Committee shall promptly report to Hartford Life's Board or the Retail or HLS Funds' Boards, whichever is appropriate, any breach of fiduciary duty owed to Hartford Life's Board and/or violations of the federal securities laws of which the Internal Compliance Controls Committee becomes aware in the course of carrying out its duties.

H. Paragraph 36.i of the 2006 Order is modified as follows:

36.i. Annual Compliance Training:

- a. Under the direction of the chief compliance officer for the Retail Funds and HLS Funds, all employees of Hartford who provide direct services to or for the investment adviser and principal underwriter to the Retail Funds and HLS Funds shall be required to receive annual compliance training relating to business ethics and disclosure obligations.
- b. Under the direction of the chief compliance officer for the principal underwriter to the Hartford variable annuity business, all employees of Hartford who provide direct services to or for the principal

underwriter to the Hartford variable annuity business shall be required to receive annual compliance training relating to business ethics and disclosure obligations.

- I. All other provisions of the 2006 Order remain in effect.

By the Commission.

Brent J. Fields
Secretary