

# Securities America to pay \$1.5 million for mutual fund overcharges

The independent broker-dealer is paying restitution for failing to waive sales charges for some retirement plans and charitable organizations, according to Finra.



July 27, 2016 *By Greg Iacurci*

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Securities America Inc., an independent broker-dealer with approximately 2,000 registered representatives, has agreed to pay \$1.54 million in restitution to customers for mutual fund overcharges, according to Finra.

Over a six-year period, the firm failed to apply a waiver on A-share front-end load charges for eligible retirement-plan and charitable-organization clients or sold them B-share and C-share funds with back-end loads and higher ongoing fees and expenses, according to a disciplinary action [document](#) filed Friday by the Financial Industry Regulatory Authority Inc.

Such practices caused customers to pay higher fees than they were actually required to pay, the disciplinary action stated.

The overcharges, self-reported by Securities America, affected approximately 1,500 customers between July 2009 and July 2015, resulting in \$1.39 million in additional fees, the industry-funded broker-dealer watchdog said. The \$1.54 million restitution, which was agreed-upon between Finra and Securities America, includes interest payments.

Securities America also failed to reasonably supervise application of sales-charge waivers over the relevant time period, to adequately notify and train its registered reps on availability of waivers, and to adopt adequate controls to detect when reps didn't apply waivers for eligible customers, Finra said.

Finra [announced in May](#) it is targeting mutual fund overcharges in exams, to see whether firms have a process and supervisory procedures in place to waive fund fees for eligible customers.

Janine Wertheim, senior vice president and chief marketing officer at Securities America, said many U.S. broker-dealers have missed sales-charge waivers available for certain client account types in mutual funds, and the firm reported its mistake to Finra after an analysis of its data.

"We are in the process of reimbursing clients adversely impacted and are pleased to resolve this matter," Ms. Wertheim said.

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