

## ALABAMA SECURITIES COMMISSION

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### **Alabama Securities Commission Reaches Settlement with LPL Financial Firm Agrees to Return Alabama Investors' Money for Inappropriate Real Estate Investment Sales**

MONTGOMERY, ALABAMA (May 17, 2016) Joseph Borg, Director of the Alabama Securities Commission (ASC) announced the finalization of a Consent Order with LPL Financial, LLC, a Boston, Massachusetts-based investment firm, in connection with an investigation of the firm's sales transactions of non-traded Real Estate Investment Trusts (REITs) to Alabama investors. ASC, together with state securities regulators from multiple jurisdictions, conducted a coordinated investigation of LPL Financial to determine whether non-traded REIT sales transactions executed by the firm violated the Alabama Securities Act and the firm's own internal procedures. Sales transactions were examined to determine if transactions were made in excess of the prospectus standards of the specific REIT, were within the state concentration limit, whether the firm failed to implement an adequate supervisory system regarding the sale of non-traded REITs, and whether the firm failed to enforce its written procedures regarding said sales.

LPL Financial cooperated with the ASC and agreed to offer rescission on all sales of non-traded REITs executed between January 1, 2008 through December 31, 2013 that were made in violation of firm policy or prospectus standards. LPL also agreed to create a Claim Team to assist Alabama investors with LPL's remediation procedures relevant to the settlement. The Alabama Consent Order requires LPL to offer to pay Alabama investors a total of \$737,356.01. Offering letters are being sent to those Alabamians affected. Investors must follow the instructions for accepting the offer, as described within the letter, to claim their share of the settlement. A toll-free number (855-860-4878) will be available once the letters are sent to investors.

"Individual investors should always be cautious when considering specialized products like non-traded REITs," said ASC Director Borg. "These products, while legal and useful in the right financial circumstances, can also carry significant liquidity risk that may not be suitable for many 'main street' investors' long-term financial circumstances. This Consent Order is a culmination of hard work by many states' regulators on behalf of investors and exemplifies the important investor protection role the ASC serves to safeguard our citizens through fair regulation and enforcement."

The ASC cautions potential investors to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC with inquiries concerning securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, registration status of securities or debt management programs, to report suspected fraud or to obtain consumer information. The ASC provides free investor education and fraud prevention materials in print, on our website and through educational presentations upon request.

For further information contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

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