

BrokerCheck Report

SANFORD MICHAEL KATZ

CRD# 1558898

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Broker Qualifications	2 - 6
Registration and Employment History	8
Disclosure Events	9



When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit www.finra.org.



SANFORD M. KATZ

CRD# 1558898

Currently employed by and registered with the following Firm(s):

IA WELLS FARGO ADVISORS
555 CALIFORNIA ST STE 2300
SAN FRANCISCO, CA 94104
CRD# 19616
Registered with this firm since: 12/18/2015

B WELLS FARGO CLEARING SERVICES, LLC
555 CALIFORNIA ST 23RD FL
SAN FRANCISCO, CA 94104
CRD# 19616
Registered with this firm since: 12/18/2015

Report Summary for this Broker

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

Broker Qualifications

This broker is registered with:

- 6 Self-Regulatory Organizations
- 49 U.S. states and territories

This broker has passed:

- 0 Principal/Supervisory Exams
- 3 General Industry/Product Exams
- 2 State Securities Law Exams

Registration History

This broker was previously registered with the following securities firm(s):

- IA CREDIT SUISSE SECURITIES (USA) LLC**
CRD# 816
NEW YORK, NY
10/2008 - 12/2015
- B CREDIT SUISSE SECURITIES (USA) LLC**
CRD# 816
SAN FRANCISCO, CA
10/2008 - 12/2015
- IA UBS FINANCIAL SERVICES INC.**
CRD# 8174
WEEHAWKEN, NJ
12/2002 - 10/2008

Disclosure Events

All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.

Are there events disclosed about this broker? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	1



Broker Qualifications

Registrations

This section provides the self-regulatory organizations (SROs) and U.S. states/territories the broker is currently registered and licensed with, the category of each license, and the date on which it became effective. This section also provides, for every brokerage firm with which the broker is currently employed, the address of each branch where the broker works.

This individual is currently registered with 6 SROs and is licensed in 49 U.S. states and territories through his or her employer.

Employment 1 of 1

Firm Name: **WELLS FARGO CLEARING SERVICES, LLC**

Main Office Address: **ONE NORTH JEFFERSON AVENUE
MAIL CODE: H0004-05E
ST. LOUIS, MO 63103**

Firm CRD#: **19616**

SRO	Category	Status	Date
B Cboe Exchange, Inc.	General Securities Representative	Approved	12/03/2021
B FINRA	General Securities Representative	Approved	12/18/2015
B NYSE American LLC	General Securities Representative	Approved	12/18/2015
B Nasdaq PHLX LLC	General Securities Representative	Approved	12/18/2015
B Nasdaq Stock Market	General Securities Representative	Approved	12/18/2015
B New York Stock Exchange	General Securities Representative	Approved	12/18/2015

U.S. State/ Territory	Category	Status	Date
B Alabama	Agent	Approved	12/18/2015
B Alaska	Agent	Approved	12/18/2015
B Arizona	Agent	Approved	12/18/2015
B California	Agent	Approved	12/18/2015
IA California	Investment Adviser Representative	Approved	12/18/2015
B Colorado	Agent	Approved	12/18/2015
B Connecticut	Agent	Approved	12/18/2015

Broker Qualifications



Employment 1 of 1, continued

	U.S. State/ Territory	Category	Status	Date
B	Delaware	Agent	Approved	12/18/2015
B	District of Columbia	Agent	Approved	12/18/2015
B	Florida	Agent	Approved	12/18/2015
B	Georgia	Agent	Approved	12/18/2015
B	Hawaii	Agent	Approved	12/18/2015
B	Idaho	Agent	Approved	12/18/2015
B	Illinois	Agent	Approved	12/18/2015
B	Indiana	Agent	Approved	12/18/2015
B	Iowa	Agent	Approved	12/18/2015
B	Kansas	Agent	Approved	12/18/2015
B	Kentucky	Agent	Approved	12/18/2015
B	Louisiana	Agent	Approved	12/18/2015
B	Maryland	Agent	Approved	12/18/2015
B	Massachusetts	Agent	Approved	12/18/2015
B	Minnesota	Agent	Approved	12/18/2015
B	Mississippi	Agent	Approved	12/18/2015
B	Missouri	Agent	Approved	12/18/2015
B	Montana	Agent	Approved	12/18/2015
B	Nebraska	Agent	Approved	12/18/2015
B	Nevada	Agent	Approved	12/18/2015
IA	Nevada	Investment Adviser Representative	Approved	07/26/2018

Broker Qualifications



Employment 1 of 1, continued

	U.S. State/ Territory	Category	Status	Date
B	New Hampshire	Agent	Approved	12/18/2015
B	New Jersey	Agent	Approved	12/18/2015
B	New Mexico	Agent	Approved	12/18/2015
B	New York	Agent	Approved	12/18/2015
B	North Carolina	Agent	Approved	12/18/2015
B	North Dakota	Agent	Approved	12/18/2015
B	Ohio	Agent	Approved	12/18/2015
B	Oklahoma	Agent	Approved	12/18/2015
B	Oregon	Agent	Approved	12/18/2015
B	Pennsylvania	Agent	Approved	12/18/2015
B	Puerto Rico	Agent	Approved	12/18/2015
B	Rhode Island	Agent	Approved	12/18/2015
B	South Carolina	Agent	Approved	12/18/2015
B	South Dakota	Agent	Approved	12/18/2015
B	Texas	Agent	Approved	12/18/2015
IA	Texas	Investment Adviser Representative	Approved	12/18/2015
B	Utah	Agent	Approved	06/02/2023
B	Vermont	Agent	Approved	08/01/2022
B	Virgin Islands	Agent	Approved	12/18/2015
B	Virginia	Agent	Approved	12/18/2015
B	Washington	Agent	Approved	12/18/2015



Broker Qualifications

Employment 1 of 1, continued

	U.S. State/ Territory	Category	Status	Date
B	West Virginia	Agent	Approved	12/18/2015
B	Wisconsin	Agent	Approved	12/18/2015
B	Wyoming	Agent	Approved	12/18/2015

Branch Office Locations

WELLS FARGO CLEARING SERVICES, LLC
555 CALIFORNIA ST 23RD FL
SAN FRANCISCO, CA 94104

WELLS FARGO CLEARING SERVICES, LLC
925 TAHOE BLVD STE 202
INCLINE VILLAGE, NV 89451

WELLS FARGO CLEARING SERVICES, LLC
Incline Village, NV

WELLS FARGO CLEARING SERVICES, LLC
555 CALIFORNIA ST STE 2300
SAN FRANCISCO, CA 94104



Broker Qualifications

Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below. A passed exam or exam waiver does not permit a broker to do business without an active SRO or state registration.

This individual has passed 0 principal/supervisory exams, 3 general industry/product exams, and 2 state securities law exams.

Principal/Supervisory Exams

Exam	Category	Date
No information reported.		

General Industry/Product Exams

Exam	Category	Date
B Securities Industry Essentials Examination	SIE	10/01/2018
B National Commodity Futures Examination	Series 3	10/10/1986
B General Securities Representative Examination	Series 7	09/20/1986

State Securities Law Exams

Exam	Category	Date
B IA Uniform Combined State Law Examination	Series 66	04/05/2018
B Uniform Securities Agent State Law Examination	Series 63	10/17/1986

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at www.finra.org/brokerqualifications/registeredrep/.

Broker Qualifications



Professional Designations

This section details that the representative has reported **0** professional designation(s).

No information reported.



Registration and Employment History

Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
B 10/2008 - 12/2015	CREDIT SUISSE SECURITIES (USA) LLC	816	SAN FRANCISCO, CA
IA 10/2008 - 12/2015	CREDIT SUISSE SECURITIES (USA) LLC	816	SAN FRANCISCO, CA
B 12/2002 - 10/2008	UBS FINANCIAL SERVICES INC.	8174	SAN FRANCISCO, CA
IA 12/2002 - 10/2008	UBS FINANCIAL SERVICES INC.	8174	SAN FRANCISCO, CA
B 09/1986 - 12/2002	GOLDMAN, SACHS & CO.	361	NEW YORK, NY

Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.

Employment	Employer Name	Position	Investment Related	Employer Location
11/2016 - Present	WELLS FARGO CLEARING SERVICES, LLC	REGISTERED REP	Y	SAN FRANCISCO, CA, United States
12/2015 - 11/2016	WELLS FARGO ADVISORS, LLC	REGISTERED REP	Y	SAN FRANCISCO, CA, United States
07/2014 - 12/2015	CREDIT SUISSE LENDING LLC	EMPLOYEE	N	SAN FRANCISCO, CA, United States
10/2008 - 12/2015	CREDIT SUISSE SECURITIES (USA) LLC	MANAGING DIRECTOR	Y	SAN FRANCISCO, CA, United States

Other Business Activities

This section includes information, if any, as provided by the broker regarding other business activities the broker is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.

GRAPE GROWER; NON INV RELATED; ST HELENA, CA; AGRICULTURE GRAPE GROWER TO SELL TO WINERIES; 100% OWNER; 5 HRS/MO; 0 DURING TRADING.

Disclosure Events



What you should know about reported disclosure events:

1. All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
 - A customer dispute must involve allegations that a broker engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.
 -
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, brokerage firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
 -
4. **There are different statuses and dispositions for disclosure events:**
 - A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" event involves allegations that have not been proven or formally adjudicated.
 - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" event has been concluded and its resolution is not subject to change.
 - A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that brokers and brokerage firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.

For your convenience, below is a matrix of the number and status of disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.

	Pending	Final	On Appeal
Regulatory Event	0	1	0



Disclosure Event Details

When evaluating this information, please keep in mind that a disclosure event may be pending or involve allegations that are contested and have not been resolved or proven. The matter may, in the end, be withdrawn, dismissed, resolved in favor of the broker, or concluded through a negotiated settlement for certain business reasons (e.g., to maintain customer relationships or to limit the litigation costs associated with disputing the allegations) with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

Regulatory - Final

This type of disclosure event may involve (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulatory such as the Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of a broker's authority to act as an attorney, accountant, or federal contractor.

Disclosure 1 of 1

Reporting Source:	Regulator
Regulatory Action Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	Other: N/A
Date Initiated:	04/04/2017
Docket/Case Number:	3-17900
Employing firm when activity occurred which led to the regulatory action:	Credit Suisse Securities (USA) LLC
Product Type:	Mutual Fund
Allegations:	SEC IA Release 4679, April 4, 2017: 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 Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act) and Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (Advisers Act) against Sanford Michael Katz (Katz). These proceedings arise out of breaches of fiduciary duty by Katz in connection with his purchases and recommendations of mutual fund shares for advisory clients. Between January 1, 2009 and January 21, 2014 (the Relevant Period), Katz, then an investment adviser representative at his member firm purchased or held Class A mutual fund shares for advisory clients who were eligible to purchase or hold less expensive institutional share classes of



the same mutual funds. A significant difference between Class A shares and institutional share classes is the existence of marketing and distribution fees imposed on Class A shareholders pursuant to Section 12(b) of the Investment Company Act and Rule 12b-1 thereunder (12b-1 fees), typically 25 basis points per year for Class A shares. The 12b-1 fees are paid out of the assets of the fund as a portion of its expense ratio. In this case, the 12b-1 fees were passed through to the firm, which in turn paid a portion of that amount to its investment adviser representatives, also referred to as Relationship Managers (RMs), including Katz. Thus, 12b-1 fees decreased the value of advisory clients' investments in mutual funds and increased the compensation paid to the firm and its RMs. During the Relevant Period, Katz's practice of putting advisory clients in Class A shares when those clients were eligible for less expensive institutional share classes resulted in the firm collecting approximately \$2.5 million in 12b-1 fees, approximately \$1.1 million of which was paid to Katz. This practice was inconsistent with Katz's fiduciary duty, his representations to clients, and his obligation to obtain best execution for his advisory clients. Katz willfully violated Section 206(2) as a result of the negligent conduct described above.

Current Status:	Final
Resolution:	Order
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	Yes
Resolution Date:	04/04/2017
Sanctions Ordered:	Cease and Desist Censure Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Monetary Penalty other than Fines
If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?	Yes



(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?

Yes

(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or

No



(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?

No

Monetary Sanction 1 of 3

Monetary Related Sanction: Civil and Administrative Penalty(ies)/Fine(s)

Total Amount: \$850,000.00

Portion Levied against individual: \$850,000.00

Payment Plan:

Is Payment Plan Current:

Date Paid by individual:

Was any portion of penalty waived? No

Amount Waived:

Monetary Sanction 2 of 3

Monetary Related Sanction: Monetary Penalty other than Fines

Total Amount: \$197,587.38

Portion Levied against individual: \$197,587.38

Payment Plan:

Is Payment Plan Current:

**Date Paid by individual:**

Was any portion of penalty waived? No

Amount Waived:**Monetary Sanction 3 of 3**

Monetary Related Sanction: Disgorgement

Total Amount: \$1,124,858.89

Portion Levied against individual: \$1,124,858.89

Payment Plan:**Is Payment Plan Current:****Date Paid by individual:**

Was any portion of penalty waived? No

Amount Waived:**Regulator Statement**

In anticipation of the institution of these proceedings, Katz 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, Katz consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Sections 203(f) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (Order). Katz willfully violated Section 206(2) as a result of the negligent conduct described above. In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Katz's Offer. Accordingly, pursuant to Section 15(b) of the Exchange Act and Sections 203(f) and 203(k) of the Advisers Act, it is hereby ordered that Katz cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act. Katz is censured and shall, within 10 days of the entry of this Order, pay disgorgement of \$1,124,858.89, prejudgment interest of \$197,587.38, and a civil money penalty in the amount of \$850,000 to the Securities and Exchange Commission.



Reporting Source:	Firm
Regulatory Action Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	Other: N/A
Date Initiated:	04/04/2017
Docket/Case Number:	3-17900
Employing firm when activity occurred which led to the regulatory action:	Credit Suisse Securities (USA) LLC
Product Type:	Mutual Fund
Allegations:	Sanford Michael Katz ("Katz") consented, without admitting or denying the findings (except as to jurisdiction), to the issuance of a Securities and Exchange Commission ("SEC") order finding that Katz willfully violated Section 206(2) of the Investment Advisers Act of 1940. The SEC's findings included, among other things, that there were breaches of fiduciary duty and inadequate client representations by Katz related to the purchase or holding, between January 1, 2009 and January 21, 2014, of Class A mutual fund shares (which incurred expenses for rule 12b-1 fees) for advisory clients who were eligible to purchase or hold less expensive share classes of the same mutual funds. As part of the settlement, the SEC censured Katz, issued a cease-and-desist order, and directed katz to pay to the sec \$1,124,858.89 in disgorgement, \$197,587.38 in prejudgment interest, and \$850,000 as a civil penalty.
Current Status:	Final
Resolution:	Order
Resolution Date:	04/04/2017
Sanctions Ordered:	Cease and Desist Censure Civil and Administrative Penalty(ies)/Fine(s) Disgorgement
If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?	Yes



(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?

Yes

(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or

No



(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?

No

Monetary Sanction 1 of 2

Monetary Related Sanction: Disgorgement

Total Amount: \$1,124,858.89

Portion Levied against individual: \$1,124,858.89

Payment Plan:

Is Payment Plan Current:

Date Paid by individual:

Was any portion of penalty waived? No

Amount Waived:

Monetary Sanction 2 of 2

Monetary Related Sanction: Civil and Administrative Penalty(ies)/Fine(s)

Total Amount: \$850,000.00

Portion Levied against individual: \$850,000.00

Payment Plan:

Is Payment Plan Current:



Date Paid by individual:

Was any portion of penalty waived? No

Amount Waived:

Reporting Source: Broker

Regulatory Action Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Sanction(s) Sought: Other: N/A

Date Initiated: 04/04/2017

Docket/Case Number: 3-17900

Employing firm when activity occurred which led to the regulatory action: Credit Suisse Securities (USA) LLC

Product Type: Mutual Fund

Allegations: SEC IA Release 4679, April 4, 2017: 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 Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act) and Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (Advisers Act) against Sanford Michael Katz (Katz). These proceedings arise out of breaches of fiduciary duty by Katz in connection with his purchases and recommendations of mutual fund shares for advisory clients. Between January 1, 2009 and January 21, 2014 (the Relevant Period), Katz, then an investment adviser representative at his member firm purchased or held Class A mutual fund shares for advisory clients who were eligible to purchase or hold less expensive institutional share classes of the same mutual funds. A significant difference between Class A shares and institutional share classes is the existence of marketing and distribution fees imposed on Class A shareholders pursuant to Section 12(b) of the Investment Company Act and Rule 12b-1 thereunder (12b-1 fees), typically 25 basis points per year for Class A shares. The 12b-1 fees are paid out of the assets of the fund as a portion of its expense ratio. In this case, the 12b-1 fees were passed through to the firm, which in turn paid a portion of that amount to its investment adviser representatives, also referred to as Relationship Managers (RMs), including Katz. Thus, 12b-1 fees decreased the value of advisory clients' investments in mutual funds and increased the compensation paid to the firm and its RMs. During the Relevant Period, Katz's practice of putting advisory clients in Class A shares when



those clients were eligible for less expensive institutional share classes resulted in the firm collecting approximately \$2.5 million in 12b-1 fees, approximately \$1.1 million of which was paid to Katz. This practice was inconsistent with Katz's fiduciary duty, his representations to clients, and his obligation to obtain best execution for his advisory clients. Katz willfully violated Section 206(2) as a result of the negligent conduct described above.

Current Status:	Final
Resolution:	Order
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	Yes
Resolution Date:	04/04/2017
Sanctions Ordered:	Cease and Desist Censure Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Monetary Penalty other than Fines
Monetary Sanction 1 of 3	
Monetary Related Sanction:	Civil and Administrative Penalty(ies)/Fine(s)
Total Amount:	\$850,000.00
Portion Levied against individual:	\$850,000.00
Payment Plan:	
Is Payment Plan Current:	
Date Paid by individual:	04/11/2017
Was any portion of penalty waived?	No
Amount Waived:	
Monetary Sanction 2 of 3	
Monetary Related Sanction:	Monetary Penalty other than Fines
Total Amount:	\$197,587.38



Portion Levied against individual: \$197,587.38

Payment Plan:

Is Payment Plan Current:

Date Paid by individual: 04/11/2017

Was any portion of penalty waived? No

Amount Waived:

Monetary Sanction 3 of 3

Monetary Related Sanction: Disgorgement

Total Amount: \$1,124,858.89

Portion Levied against individual: \$1,124,858.89

Payment Plan:

Is Payment Plan Current:

Date Paid by individual: 04/11/2017

Was any portion of penalty waived? No

Amount Waived:

Broker Statement

I voluntarily chose to settle this matter, despite the following facts: 1) There was no allegation of any intentional wrongdoing by me; 2) The settlement recognized that I sought and received approval from my former employer's branch manager, who in turn consulted the legal and compliance departments, for purchases of Class A shares; and 3) The majority of revenue from Class A shares went to my former employer and other members of my team, rather than to me. I voluntarily agreed to the distribution of funds to those impacted, and I look forward to continuing to serve my clients in the years ahead.

End of Report



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