>>>FAIRVIEW FLASH REPORT <<<

SEC Sanctions Firms for Ignoring Compliance Problems

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<tr><td>WHAT HAPPENED?</td><td>The SEC recently sanctioned investment advisory firms for not effectively responding to previously received warnings regarding compliance deficiencies.

These are the latest cases in an SEC initiative that began two years ago. Known as the Compliance Program Initiative (CPI), it is designed to address repeated compliance failures that may lead to bigger problems," said Andrew J. Ceresney, co-director of the SEC's Division of Enforcement.

"That risk materialized with these firms, whose compliance programs were not adequate to prevent misleading statements in marketing materials or inadvertent overbilling of clients. Firms must not only have policies and procedures in place, but also need to properly implement those policies and procedures."</td></tr>
<tr><td>WHAT WERE THE ISSUES?</td><td>Modern Portfolio Management (MPM) did not complete two annual reviews and made misleading statements on their website and Form ADV Part 2. MPM must:
Pay $175,000 in financial penalties
Have their owners complete 30 hours of compliance training
Designate someone other than themselves as CCO
Hire a compliance consultant for three years
Both Equitas Capital Advisers and Equitas Partners failed to adopt and implement written compliance policies and procedures and perform annual compliance reviews. The firms' violations included making false and misleading disclosures related to performance, compensation, and conflicts of interest. They also unintentionally, yet frequently, incorrectly billed their clients.

These violations occurred despite SEC examiners previously warning the Equitas firms during examinations in 2005, 2008, and 2011.
The Equitas firms and its owners agreed to reimburse overbilled clients and pay $225,000 in additional penalties.</td></tr>
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Source: http://www.sec.gov/News/PressRelease/Detail/PressRelease/1370540008287