

SEC Has Another Banner Year at Expense of Advisers

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The SEC recently announced that it filed 734 enforcement actions in fiscal year 2012, just short of last year's record of 735. In light of the recent [crackdown on advisers](#), it is not surprising that they accounted for a large percentage of the actions.

According to the [SEC report](#), the agency filed 147 actions in 2012 against investment advisers and investment companies, one more than the previous year's record number. The SEC noted that several actions resulted from its investment adviser compliance initiative, which looks for registered investment advisers who lack effective compliance programs designed to prevent securities laws violations.

The SEC also specifically highlighted actions against three advisory firms and six individuals as part of the Aberrational Performance Inquiry into abnormal performance returns by hedge funds. The report also mentioned other actions against investment advisers, including cases against UBS Financial Services of Puerto Rico and two executives for misleading disclosures relating to certain proprietary closed-end mutual funds, Morgan Stanley Investment Management for an improper fee arrangement, and Oppenheimer Funds for misleading investors in two funds suffering significant losses during the financial crisis.

UBS paid more than \$26 million to settle the SEC's charges, while Oppenheimer Funds was hit with over \$35 million. Overall, the SEC obtained orders requiring the payment of more than \$3 billion in penalties and disgorgement for the benefit of harmed investors, representing an 11 percent increase over 2011.

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