

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 93892 / January 3, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-20150

In the Matter of

Securities America Advisors, Inc.,

Respondent.

**NOTICE OF PROPOSED PLAN OF
DISTRIBUTION AND
OPPORTUNITY FOR COMMENT**

Notice is hereby given, pursuant to Rule 1103 of the United States Securities and Exchange Commission's ("Commission") Rules on Fair Fund and Disgorgement Plans ("Commission's Rules"), 17 C.F.R. § 201.1103, that the Division of Enforcement has submitted to the Commission a proposed plan of distribution (the "Proposed Plan") for the distribution of monies paid in the above-captioned matter.

On November 13, 2020, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the "Order")¹ against Securities America Advisors, Inc. ("SAA" or the "Respondent"). In the Order, the Commission found that from January 1, 2016 through February 28, 2018 ("the Relevant Period"), SAA investment advisor representatives ("IARs") invested clients in, or recommended for their clients, certain volatility-linked Exchange Traded Products ("ETPs"). Throughout the Relevant Period, SAA failed to adopt and implement policies and procedures reasonably designed to prevent investments in, and recommendations of, volatility linked ETPs that were not suitable for SAA clients. The offering materials for XIV provided that the product was for sophisticated investors to manage daily trading risks, and the offering materials for VIXY similarly provided that that product was for investors who understood the consequences of seeking exposure to VIX futures contracts and was for short-term investment horizons. SAA had no policies and procedures directed specifically at volatility-linked ETPs, even though it knew that certain of its IARs were investing in certainly volatility-linked ETPs on behalf of retail clients or were recommending that retail clients buy and hold the products for extended periods. The Commission ordered the Respondent to pay \$3,399.42 in disgorgement, \$377.40 in prejudgment interest, and a \$600,000.00 civil money penalty, for a total of \$603,776.82, to the Commission. The Commission also created a Fair Fund, pursuant to Section

¹ Advisers Act Rel. No. 5627 (Nov. 13, 2020).

308(a) of the Sarbanes-Oxley Act of 2002, so the penalty paid, along with the disgorgement and interest paid, can be distributed to harmed investors (the “Fair Fund”). Pursuant to the Order, the Respondent shall pay all administrative costs and expenses, including but not limited to, the fees and expenses of a fund administrator and tax administrator.

The Fair Fund includes the \$603,776.82 paid by the Respondent. The assets of the Fair Fund are subject to the continuing jurisdiction and control of the Commission. The Fair Fund and has been deposited in an interest-bearing account at the U.S. Department of the Treasury’s Bureau of the Fiscal Service, and any interest accrued will be added to the Fair Fund.

OPPORTUNITY FOR COMMENT

Pursuant to this Notice, all interested persons are advised that they may obtain a copy of the Plan from the Commission’s public website at <http://www.sec.gov/litigation/fairfundlist.htm>. Interested persons may also obtain a written copy of the Proposed Plan by submitting a written request to Amy A. Sumner, United States Securities and Exchange Commission, Byron Rogers Federal Office Building, 1961 Stout Street, Suite 1700, Denver, CO 80294-1961. All persons who desire to comment on the Proposed Plan may submit their comments, in writing, no later than thirty (30) days from the date of this Notice:

1. to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090;
2. by using the Commission’s Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or
3. by sending an e-mail to rule-comments@sec.gov.

Comments submitted by email or via the Commission’s website should include “Administrative Proceeding File No. 3-20150” in the subject line. Comments received will be publicly available. Persons should submit only information they wish to make publicly available.

THE PROPOSED PLAN

The Net Available Fair Fund² is comprised of the \$603,776.82 in disgorgement, prejudgment interest, and civil money penalties paid by the Respondent, plus interest and income earned thereon. The Proposed Plan provides for the distribution of the Net Available Fair Fund to investors who purchased eligible Securities during the Relevant Period and suffered a Recognized Loss as calculated by the methodology used in the Plan of Allocation in the Proposed Plan.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.³

Vanessa A. Countryman
Secretary

² All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Proposed Plan.

³ 17 C.F.R. § 200.30-4(a)(21)(iii).