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Securities Division Reaches Settlement with LPL Financial

SANTA FE, N.M. – The New Mexico Regulation and Licensing Department's, Securities Division has reached a settlement with LPL Financial in connection with an investigation of LPL's failure to implement an adequate supervisory system regarding its sale of non-traded Real Estate Investment Trusts (REITS) and its failure to enforce its written procedures regarding the sale of non-traded REITS.

Boston-based LPL agreed to remediate losses for all non-traded REITS sold by the firm from January 1, 2008 through December 31, 2013 in violation of prospectus standards, state concentration limits or LPL's own guidelines. LPL agreed to retain an independent third party to review and verify its executed sales transactions for violations during this period, believed to be more than 2,000 nationwide. LPL will make offers of remediation to affected investors in New Mexico upon completion of the third-party review.

LPL also agreed to pay to the state a fine of \$11,528.48, representing New Mexico's pro-rata share of a \$1.425 million settlement resulting from a multistate investigation of the firm by a task force of state securities regulators formed by the North American Securities Administrators Association (NASAA), of which New Mexico is a member.

"This investigation is representative of the important investor protection role the New Mexico Securities Division serves in safeguarding investors throughout New Mexico," said New Mexico Regulation and Licensing Superintendent Mike Unthank.

The investigation concluded that LPL, through its agents, sold non-traded REITS in excess of the REIT's prospectus standards, various state concentration limits or LPL's Alternative Investment Guidelines. The investigation also found that LPL failed to implement a supervisory system that was reasonably designed to achieve compliance with state law.

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The Securities Division protects New Mexicans from fraud and financial abuse by licensing investment professionals, registering securities offering made in the state, offering anti-fraud and educational programs to the public, and investigating fraud and other violations of the state securities laws. To learn more about investment fraud, visit the division's website at www.redflagsnm.com. New Mexicans can also call 1-800-704-5533 with any investment questions.

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