Retirement Income
JOURNAL

Ameriprise settles SEC claims that it over-charged retirement clients by $1.78 million

By Editorial Staff *Thu, Mar 1, 2018*

Approximately 1,791 customer accounts paid a total of $1,778,592.31 in unnecessary up-front sales charges, contingent deferred sales charges, and higher ongoing fees and expenses as a result of Ameriprise's practices, the SEC said.

Ameriprise Financial Services Inc., the Minnesota-based broker-dealer and investment adviser, recommended and sold higher-fee mutual fund shares to retail retirement account customers and failed to provide sales charge waivers, the Securities and Exchange Commission announced this week.

Without admitting or denying the findings, Ameriprise consented to a cease-and-desist order, a censure, and a penalty of $230,000, the SEC said in a release. The SEC found that Ameriprise violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933.

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Ameriprise "has cooperated with the Commission and voluntarily identified the affected accounts, issued payments including interest to the affected customers, and converted eligible customers to the mutual fund share class with the lowest expenses for which they are eligible, at no cost," the SEC release added.

Ameriprise "disadvantaged certain retirement account customers by failing to ascertain their eligibility for less-expensive mutual fund share classes" and "recommended and sold these customers more expensive mutual fund share classes when less expensive share classes were available," the release added.

Ameriprise also failed to disclose that it would receive greater compensation from the purchases and that the purchases would negatively impact the overall return on the customers' investments, the SEC said.

'Ameriprise generated greater revenue for itself but lower returns for its retirement account customers by recommending higher-fee share classes," said Anthony S. Kelly, Co-Chief of the SEC Enforcement Division's Asset Management Unit, in a prepared statement.

"As evidenced by our recently announced Share Class Selection Disclosure Initiative, pursuing these types of actions remains a priority for the Division as we seek to get money back in the hands of harmed investors."

The SEC's investigation was conducted by Salvatore Massa, Steven J. Meiner, and John Farinacci of the Asset Management Unit, and supervised by Jessica M. Weissman.