Gottschall in Ignites: SEC Fines Broker-Dealer $200K for Regulation Best Interest Violations

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The SEC recently ordered a broker-dealer to pay more than $200,000 after finding that it violated Regulation Best Interest through a pattern of short-term selling and buying across mutual funds and its handling of personalized investment proposals.

In an article for *Ignites*, Haynes Boone Partner **Kurt Gottschall** discussed what the penalty amount may signal about the SEC's evolving enforcement approach under Chair Paul Atkins. He also noted that the action could signal a broader application of Reg BI enforcement beyond complex products to more traditional investments such as mutual funds.

Read an excerpt below:

"There's clearly been a seismic shift at the SEC in how the commission is viewing civil penalties under Chair [Paul] Atkins. The SEC has been very clear that they're focused primarily on investor harm," said Kurt Gottschall, partner in Haynes Boone's Denver office and chair of the firm's nationwide SEC Enforcement Defense Practice Group.

"It is interesting that the SEC civil penalty does not approximate the upfront sales charges paid by DLA customers on the mutual fund switching," Gottschall added."

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The DLA matter could indicate a return to a broadening of Reg BI enforcement beyond just exotics to more meat-and-potatoes investments, like mutual funds, according to Gottschall.

"Reg BI provides the SEC with some pretty powerful tools with which to protect retail investors. I think you'll see more of these types of cases from the commission over the next several years," he said.

To read the full *Ignites* article, click **here**.

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