

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101136 / September 23, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-21762

In the Matter of	:	ORDER DIRECTING DISBURSEMENT OF DISTRIBUTION FUND
	:	
SALOMON WHITNEY LLC,	:	
	:	
Respondent.	:	

On September 28, 2023, the Commission issued an Order Instituting Administrative Proceedings, Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”),¹ which simultaneously instituted and settled an administrative proceeding against Salomon Whitney LLC (“SW Financial” or “Respondent” or the “Firm”).

The Commission’s order found that from at least August 2018 through June 2022 (“the Relevant Period”), the registered broker-dealer SW Financial, through several of its registered representatives, recommended a short-term, high-volume investment strategy to at least sixteen of its customers without a reasonable basis. Specifically, these registered representatives recommended and executed over 2,000 trades in these customers’ accounts (“the Affected Accounts”) during the Relevant Period without regard for the high transaction costs incurred by the customers. As a result of this high volume of recommended transactions and their attendant commissions and fees, it would have been virtually impossible for these customers to achieve a profit in their accounts. Through this conduct, SW Financial willfully violated Sections 17(a)(1) and (3) of the Securities Act, Exchange Act Section 10(b) and Rules 10b-5(a) and (c) during the Relevant Period and also the Care Obligation of Regulation Best Interest (Exchange Act Rule 15l-1 or “Reg BI”) from June 30, 2020, the compliance date for Reg BI, through June 2022 (“the Reg BI Period”). SW Financial also willfully violated Reg BI’s Compliance Obligation by failing to establish, maintain and enforce policies and procedures reasonably designed to achieve compliance with Reg BI’s Care Obligation concerning excessive trading during the Reg BI Period.

¹ Exchange Act Rel. No. 98619 (Sep. 28, 2023).

The Commission ordered the Respondent to pay disgorgement of \$216,896 and prejudgment interest of \$19,277 to the Securities and Exchange Commission for a total payment of \$236,173, with such payments to be completed within 14 days of the issuance of the Order.

The Fair Fund constitutes a qualified settlement fund (“QSF”) under section of 468B(g) of the Internal Revenue Code (IRC), 26 U.S.C. Section 468B(g), and related regulations, 26 C.F.R Sections 1.468B-1 through 1.468B-5. On April 3, 2024, the Commission appointed a Tax Administrator to establish a reserve for taxes and related administrative expenses.²

The Tax Administrator has established a reserve, and the remaining amount of the Fair Fund will be transferred to the Investors (excluding an Investor who was compensated by Respondent in resolution of a claim concerning the same conduct at issue in this matter), as a pro rata percentage of the total loss to the Investors due to the violations described in the Order as determined by the Commission staff, plus reasonable interest from any remaining funds as reflected in Exhibit 1.

Accordingly, it is ORDERED that, after withholding the reserve amount, the Commission staff shall disburse the remaining funds to the Investors as set forth in Exhibit 1.

By the Commission.

Vanessa A. Countryman
Secretary

² Order Appointing Tax Administrator, Exchange Act Rel. No. 99896 (Apr. 3, 2024).

Exhibit 1

Investor #1	\$6,275
Investor #2	\$70,094
Investor #3	\$7,022
Investor #4	\$9,383
Investor #5	\$7,382
Investor #6	\$35,650
Investor #7	\$11,099
Investor #8	\$5,943
Investor #9	\$12,006
Investor #10	\$31,145
Investor #11	\$12,682
Investor #12	\$12,777
Investor #13	\$9,095
Investor #14	\$5,484
Investor #15	\$3,592