UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 5932 / December 20, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20685

In the Matter of **1st GLOBAL ADVISORS, INC., now known as AVANTAX ADVISORY SERVICES, INC.** **Respondent.**	**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**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") against 1st Global Advisors, Inc., now known as Avantax Advisory Services, Inc., hereinafter referred to as "1st Global" or "Respondent."

II.

In anticipation of the institution of these proceedings, 1st Global has submitted an Offer of Settlement (the "Offer"), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, 1st Global consents to the entry of this 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 ("Order"), as set forth below.

III.

On the basis of this Order and 1st Global's Offer, the Commission finds[1] that:

Summary

1. These proceedings arise out of breaches of fiduciary duty by 1st Global, a registered investment adviser, in connection with its affiliated broker's receipt of third-party compensation for advisory client investments without fully and fairly disclosing its conflicts of interest. In particular, since at least January 2014, 1st Global invested clients in (1) mutual fund share classes that paid 1st Global's affiliated broker fees pursuant to Rule 12b-1 under the Investment Company Act of 1940 ("12b-1 fees"); (2) certain mutual funds that generated no-transaction fee ("NTF") revenue for 1st Global's affiliated broker; and (3) cash sweep products that likewise resulted in 1st Global's affiliated broker receiving revenue sharing. 1st Global did not provide full and fair disclosure of the conflicts of interest arising from its affiliated broker's receipt of this compensation. While under prior ownership, 1st Global did not self-report its receipt of 12b-1 fees to the Commission pursuant to the Division of Enforcement's (the "Division") Share Class Selection Disclosure Initiative ("SCSD Initiative")[2] although eligible to do so. 1st Global also violated its duty to seek best execution by causing certain advisory clients to invest in certain mutual fund share classes when share classes of the same funds that presented a more favorable value for these clients under the particular circumstances in place at the time of the transactions were available to the clients In addition, 1st Global failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder in connection with its mutual fund share class selection practices.

Respondent

2. 1st Global Advisors, Inc. ("1st Global") is now known as Avantax Advisory Services, Inc. ("Avantax"). 1st Global was a Texas corporation headquartered in Dallas, Texas that was registered with the Commission as an investment adviser from May 1992 to November 2019. In May 2019, 1st Global, Inc., the parent company for 1st Global, was acquired by a subsidiary of the parent company of Avantax, and 1st Global was merged into Avantax in October 2019. Avantax is a Texas corporation headquartered in Dallas, Texas. In its latest Form ADV filed with the Commission dated September 24, 2021, Avantax reported regulatory assets under management of $30,249,390,631 and 99,251 advisory accounts.

Related Party

3. 1st Global Capital Corp. is now known as Avantax Investment Services, Inc. 1st Global Capital Corp. shared the same parent as 1st Global and acted as an introducing broker-

[1] The findings herein are made pursuant to Respondent's Offer and are not binding on any other person or entity in this or any other proceeding.

[2] *See* Div. of Enforcement, U.S. Sec. & Exch. Comm'n, *Share Class Selection Disclosure Initiative*, https://www.sec.gov/enforce/announcement/scsd-initiative (last modified Feb. 12, 2018).

dealer for 1st Global's advisory clients. 1st Global Capital Corp. was a Delaware corporation headquartered in Dallas, Texas, registered with the Commission as a broker dealer from July 1992 to January 2020. In May 2019, 1st Global, Inc., the parent company for 1st Global Capital Corp. was acquired by a subsidiary of the parent company of Avantax, and 1st Global Capital Corp. was merged with Avantax Investment Services, Inc. in October 2019. Avantax Investment Services, Inc. is a Texas corporation headquartered in Dallas, Texas that has been registered with the Commission as a broker dealer since 1982. 1st Global Capital Corp. (and its successor entity for conduct after October 2019) will be referred to herein as the "Affiliated Broker".

Mutual Fund Share Class Selection and 12b-1 Fees

4. Mutual funds typically offer investors different types of shares or "share classes." Each share class represents an interest in the same portfolio of securities with the same investment objective. The primary difference among the share classes is the fee structure.

5. For example, some mutual fund share classes charge 12b-1 fees to cover certain costs of fund distribution, marketing, or shareholder servicing. These recurring fees, which are included in a mutual fund's total annual fund operating expenses, vary by share class, but typically range from 25 to 100 basis points. They are deducted from the mutual fund's assets on an ongoing basis and generally are paid to the fund's distributor or principal underwriter, which generally remits the 12b-1 fees to the broker-dealer that distributed or sold the shares.

6. Many mutual funds also offer share classes that do not charge 12b-1 fees (e.g., "Institutional Class" or "Class I" shares (collectively, "Class I shares")).[3] An investor who holds Class I shares of a mutual fund will usually pay lower total annual fund operating expenses over time – and thus will generally earn higher returns – than one who holds a share class of the same fund that charges 12b-1 fees. Therefore, if a mutual fund offers a Class I share, and an investor is eligible to own it, it is often, though not always, better for the investor to purchase or hold the Class I share.

7. Since at least January 2014, 1st Global purchased and held for clients, or advised clients to purchase or hold,[4] mutual fund share classes that charged 12b-1 fees when lower-cost share classes of those same funds were available to those clients. 1st Global's Affiliated Broker received the 12b-1 fees on these investments.

8. As an investment adviser, 1st Global was obligated to disclose all material facts to its advisory clients, including any conflicts of interest between itself and its clients that could affect

[3] Share classes that do not charge 12b-1 fees also go by a variety of other names in the mutual fund industry, such as "Class F2," "Class Y" and "Class Z" shares. As used in this Order, the term "Class I shares" refers generically to share classes that do not charge 12b-1 fees.

[4] In many cases, mutual funds permit certain advisory clients who hold shares in classes charging 12b-1 fees to convert those shares to Class I shares without cost or tax consequences to the client.

the advisory relationship and how those conflicts could affect the advice 1st Global provided its clients. To meet this fiduciary obligation, 1st Global was required to provide its advisory clients with full and fair disclosure that is sufficiently specific so that they could understand the conflicts of interest concerning 1st Global's advice and have an informed basis on which they could consent to or reject the conflicts.

9. Since at least January 2014, 1st Global provided various disclosures regarding the receipt of 12b-1 fees; however, 1st Global did not fully and fairly disclose all material facts regarding the conflict of interest that arose when it invested advisory clients in a share class that would generate 12b-1 fee revenue for the Affiliated Broker while a lower-cost share class of the same fund was available that would not provide the Affiliated Broker with that additional compensation. Additionally, the disclosures stated that there was a "potential" conflict of interest, where an actual conflict was present.

10. Beginning in April 2018, 1st Global began rebating 12b-1 fees to client accounts that were paying such fees and it has since performed share class conversions on all funds in advisory accounts to move them to the lowest-cost share class available.

Clearing Broker Revenue Sharing Payments for NTF Program Mutual Funds

11. Many mutual funds pay the clearing broker a recurring fee to have some or all of their fund share classes offered as part of the clearing broker's mutual fund programs. Since at least January 2014, the agreement between the Affiliated Broker and its unaffiliated clearing broker ("Clearing Broker") provided that the Clearing Broker would share this recurring fee (i.e., mutual fund revenue) with the Affiliated Broker based on the Affiliated Broker's customer assets, including 1st Global advisory client assets, invested in certain mutual funds. 1st Global clients indirectly paid these fees when they were included in the expense ratios of the mutual fund in which they invested. This agreement is generally referred to as a revenue sharing agreement.

12. Since at least January 2014, the Clearing Broker had a NTF program for which the Clearing Broker did not charge mutual fund investors a transaction fee for the purchase or sale of mutual funds. The Clearing Broker generally charged fund families a higher recurring fee for a mutual fund to be part of the NTF program as compared to being sold outside of that program. As a result, mutual fund share classes sold through the NTF program generally had higher annual expense ratios than mutual fund share classes sold outside that program.

13. Under the agreement between the Affiliated Broker and the Clearing Broker, the Clearing Broker would share with the Affiliated Broker a portion of the recurring fee (i.e., revenue) the Clearing Broker received from mutual fund investments that were part of its NTF program. The payments the Affiliated Broker received under the agreement created a financial incentive for 1st Global to make recommendations that would lead to greater revenue sharing for its Affiliated Broker.

14. Since at least January 2014, 1st Global advised clients to purchase or hold mutual fund shares in higher-cost share classes in the NTF program when share classes of the same funds with lower annual expense ratios were available outside the NTF program.

15. 1st Global failed to provide full and fair disclosure of all material facts concerning its Affiliated Broker's receipt of revenue sharing from the Clearing Broker for client investments in certain mutual fund share classes available as part of the NTF program and the related conflicts of interest. For example, 1st Global's Form ADV brochure disclosed that the Clearing Broker paid its Affiliated Broker 18 to 22 basis points of the amounts invested in NTF funds, but failed to disclose that NTF share classes are generally more expensive to 1st Global's clients and that there were often lower-cost share classes of the same funds available outside the NTF program that paid less or no revenue sharing.

16. Beginning in August 2018, 1st Global began converting all funds in its advisory accounts to the lowest cost share class and as of September 2019, the Affiliated Broker stopped receiving revenue sharing payments on the NTF funds for advisory accounts.

Cash Sweep Selection and Revenue Sharing Payments

17. Since at least January 2014, 1st Global purchased, recommended, or held for advisory clients certain money market funds to hold uninvested cash that yielded revenue sharing to the Affiliated Broker. A sweep account is a money market mutual fund ("money market fund") or bank account used by brokerages to hold cash (e.g., incoming cash deposits, dividends, or certain investment returns) until the investor or its adviser decides how to invest the money. A money market fund is a type of mutual fund registered under the Investment Company Act of 1940 and regulated pursuant to Rule 2a-7 under that Act. Money market funds generally invest in short term, highly liquid securities with limited credit risk, and are frequently used as cash sweep account options. The investment yields and expense ratio of a money market fund will differ from fund to fund and within share classes of the same fund.

18. The Clearing Broker offered the Affiliated Broker a revenue sharing arrangement based on customer assets invested in certain share classes of money market funds. The Affiliated Broker was eligible to receive revenue sharing for customer assets invested in two available share classes ("Capital Reserves" and "Daily Money"). A third share class ("Retail") of the same money market funds was also generally available to 1st Global clients, but the Clearing Broker did not pay the Affiliated Broker any revenue sharing for client assets invested in the Retail class.

19. The cash sweep money market fund share classes had different annual fund expenses. The Capital Reserves was the most expensive and paid the most revenue sharing, followed by Daily Money, and then Retail, which did not pay revenue sharing. The more expensive the share class, the lower the returns for investors. For example, in 2018 the Capital Reserves, Daily Money, and Retail share classes of the Government Money Market Fund had annual performance of 0.94%, 1.19% and 1.47%, respectively. In general, since at least January 2014, 1st Global selected the Capital Reserves share classes for advisory clients.

20. Pursuant to its agreement, the Clearing Broker paid the Affiliated Broker differing amounts of revenue sharing depending on (1) the money market fund share class, and (2) the value of all its brokerage customer assets (including 1st Global's advisory clients) invested in the particular share class. First, as described in paragraph 19 above, the Affiliated Broker received the most revenue sharing when 1st Global invested clients in the Capital Reserves share class. Second, the Clearing Broker paid a higher rate of revenue sharing as the clients' average fund balance in the particular money market fund share class increased. Thus, 1st Global had an incentive to keep more client assets in the cash sweep program and to select the Capital Reserves share class for clients, which generally provided clients the lowest net performance.

21. Since at least January 2014, 1st Global did not adequately disclose all material facts regarding the conflicts of interest that arose when it invested advisory clients' uninvested cash in a higher-cost share class in the money market funds, while a lower-cost share class of the same funds was available that would not provide revenue sharing to the Affiliated Broker. While 1st Global's Form ADV brochure generally disclosed compensation was received from clients' money market fund investments and provided tables indicating those amounts varied between the Daily Money and Capital Reserves classes, 1st Global's disclosure was inadequate because (among other things) it was not sufficiently specific so that clients could fully understand the conflicts of interest concerning 1st Global's advice about different share classes of money market funds. For example, nothing in the disclosure indicated that there was a third share class of the same money market fund (the Retail class) available without any revenue sharing paid to the Affiliated Broker, or that 1st Global would generally select the more expensive money market fund share classes over other, less expensive share classes that were otherwise available to clients.

22. Beginning in August 2018, 1st Global began converting all funds in its advisory accounts to the lowest cost share class and as of October 2019, the Affiliated Broker stopped receiving revenue sharing on money market funds.

Duty of Care Failures

23. An investment adviser's fiduciary duty also includes a duty of care. To fulfill this obligation, an adviser, among other things, must provide investment advice in the best interest of its client based on the client's objectives and seek best execution for client transactions.

24. By causing certain advisory clients to invest in share classes of mutual funds that charged 12b-1 fees or share classes of funds that resulted in revenue sharing payments from the Clearing Broker when share classes of the same funds were available to the clients that presented a more favorable value under the particular circumstances in place at the time of the transactions, 1st Global violated its duty to seek best execution for those transactions.

25. 1st Global also did not fulfill its duty of care obligations when it advised clients to invest in mutual funds and money market funds without undertaking an analysis to determine whether the share classes clients were invested in were in the best interests of its advisory clients.

Compliance Deficiencies

26. Since at least January 2014, 1st Global failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder in connection with its mutual fund share class selection practices and related disclosures, as well as its obligation to seek best execution.

Violations

27. As a result of the conduct described above, Respondent willfully[5] violated Section 206(2) of the Advisers Act, which makes it unlawful for any investment adviser, directly or indirectly, to "engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client." Scienter is not required to establish a violation of Section 206(2), but rather a violation may rest on a finding of negligence. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (citing *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180,194-95 (1963)).

28. As a result of the conduct described above, Respondent willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require a registered investment adviser to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder.

Disgorgement

29. The disgorgement and prejudgment interest ordered in Section IV.C. is consistent with equitable principles and does not exceed the net profits from the violations, and will be distributed to harmed investors to the extent feasible. Upon approval of the distribution final accounting by the Commission, any amounts remaining that are infeasible to return to investors, and any amounts returned to the Commission in the future that are infeasible to return to investors, may be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934 ("Exchange Act").

Undertakings

30. Respondent will do the following:

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[5] "Willfully," for purposes of imposing relief under Section 203(e) of the Advisers Act, "'means no more than that the person charged with the duty knows what he is doing.'" *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term "willfully" for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has "willfully omit[ed]" material information from a required disclosure in violation of Section 207 of the Advisers Act).

Steps Taken to Date

a. Respondent has certified that it has reviewed and corrected as necessary all relevant disclosure documents concerning mutual fund share class selection and 12b-1 fees, cash sweep revenue sharing, and NTF revenue sharing.

b. Respondent has certified that it has evaluated whether existing clients should be moved to a lower-cost share class and moved clients as necessary.

c. Respondent has certified that it has evaluated, updated (if necessary), and reviewed for the effectiveness of their implementation, its policies and procedures so that they are reasonably designed to prevent violations of the Advisers Act in connection with disclosures regarding conflicts arising from its mutual fund share class selection practices, and in connection with making recommendations of mutual fund share classes that are in the best interest of its advisory clients and seeking best execution.

d. In determining whether to accept the Offer, the Commission has considered the undertakings set forth in paragraphs 30.a through 30.c above.

Steps to be Taken

e. Within 40 days of the entry of this Order, Respondent shall notify affected investors (*i.e.*, those former and current clients who were financially harmed by the practices discussed above (hereinafter, "affected investors") of the settlement terms of this Order by sending a copy of this Order to each affected investor via mail, email, or such other method not unacceptable to the Commission staff, together with a cover letter in a form not unacceptable to the Commission staff.

f. Within 45 days of the entry of this Order, Respondent shall certify, in writing, compliance with the undertaking set forth in paragraph 30.e above. The certification shall identify the undertaking, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to Kimberly Frederick, Assistant Regional Director, Asset Management Unit, Denver Regional Office, Securities and Exchange Commission, 1961 Stout Street, Suite 1700, Denver, CO 80294, or such other address as the Commission staff may provide, with a copy to the Office of Chief Counsel of the Division of Enforcement, Securities and Exchange Commission, 100 F. Street, NE, Washington, DC 20549.

g. For good cause shown, the Commission staff may extend any of the procedural dates relating to these undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

IV.

In view of the foregoing, the Commission deems it appropriate, and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Sections 203(e) and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder.

B. Respondent is censured.

C. Respondent shall pay disgorgement and prejudgment interest, and a civil monetary penalty totaling $16,873,153.11, as follows:

(i) Respondent shall pay disgorgement of $12,349,153.11 and prejudgment interest of $2,524,000, consistent with the provisions of this Subsection C.

(ii) Respondent shall pay a civil monetary penalty in the amount of $2,000,000 consistent with the provisions of this Subsection C.

(iii) Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the penalty, disgorgement, and prejudgment interest described above for distribution to affected investors' accounts. Amounts ordered to be paid as a civil money penalty pursuant to this Order shall be treated as a penalty paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within thirty (30) days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against

Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

(iv) Within ten (10) days of the entry of this Order, Respondent shall deposit the full amount of disgorgement, prejudgment interest, and the civil money penalty (the "Fair Fund") into an escrow account at a financial institution not unacceptable to the Commission staff and Respondent shall provide evidence of such deposit in a form acceptable to the Commission staff. If timely deposit into the escrow account is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 [17 C.F.R. § 201.600] and/ or pursuant to 31 U.S.C. § 3717.

(v) Respondent shall be responsible for administering the Fair Fund and may hire a professional not unacceptable to the staff of the Commission, at its own cost, to assist it in the administration of the distribution. The costs and expenses of administering the Fair Fund, including any such professional services, shall be borne by Respondent and shall not be paid out of the Fair Fund.

(vi) Respondent shall distribute from the Fair Fund to each affected investor an amount representing: (a) the 12b-1 fees and revenue sharing payments attributable to each affected investor during the relevant periods; and (b) reasonable interest paid on such financial harm, pursuant to a disbursement calculation (the "Calculation") that will be submitted to, reviewed, and approved by the Commission staff in accordance with this Subsection C. The Calculation shall be subject to a *de minimis* threshold. No portion of the Fair Fund shall be paid to any affected investor account in which Respondent or its past or present officers or directors have a financial interest.

(vii) Respondent shall, within thirty (30) days of the entry of this Order, submit a Calculation to the Commission staff for review and approval. At or around the time of submission of the proposed Calculation to the staff, Respondent shall make itself available, and shall require any third-parties or professionals retained by Respondent to assist in formulating the methodology for its Calculation and/or administration of the Distribution to be available, for a conference call with the Commission staff to explain the methodology used in preparing the proposed Calculation and its implementation, and to provide the staff with an opportunity to ask questions. Respondent shall also provide to the Commission staff such additional information and supporting documentation as the Commission staff may request for the purpose of its review. In the event of one or more objections by the Commission staff to Respondent's proposed Calculation or any of its information or supporting documentation, Respondent shall submit a revised Calculation for the review and approval of the Commission staff or additional information or supporting documentation within ten (10) days of the date that Respondent is notified of the objection. The revised Calculation shall be subject to all of the provisions of this Subsection C.

(viii) Respondent shall, within ninety (90) days of the written approval of the Calculation by the Commission staff, submit a payment file (the "Payment File") for review and acceptance by the Commission staff demonstrating the application of the methodology to each affected investor. The Payment File should identify, at a minimum: (1) the name of each affected investor, (2) the exact amount of the payment to be made, (3) the application of a *de minimis* threshold; and (4) the amount of reasonable interest paid.

(ix) Respondent shall complete the disbursement of all amounts payable to affected investor accounts within ninety (90) days of the date that the Commission staff accepts the Payment File, unless such time period is extended as provided in Paragraph (xiii) of this Subsection C. Respondent shall notify the Commission staff of the date and the amount paid in the initial distribution.

(x) If Respondent is unable to distribute or return any portion of the Fair Fund for any reason, including an inability to locate an affected investor or a beneficial owner of an affected investor or any factors beyond Respondent's control, Respondent shall transfer any such undistributed funds to the Commission for transmittal to the United States Treasury in accordance with Section 21F(g)(3) of the Exchange Act when the distribution of the funds is complete and before the final accounting provided for in Paragraph (xii) below is submitted to the Commission staff.

Payment must be made in one of the following ways:

1. Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

2. Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

3. Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

   Enterprise Services Center
   Accounts Receivable Branch
   HQ Bldg., Room 181, AMZ-341
   6500 South MacArthur Boulevard
   Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying 1st Global Advisors, Inc., now known as Avantax Advisory Services,

Inc., as the Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Kimberly Frederick, Assistant Regional Director, Asset Management Unit, Denver Regional Office, Securities and Exchange Commission, 1961 Stout Street, Suite 1700, Denver, CO 80294.

(xi) A Fair Fund is a Qualified Settlement Fund ("QSF") under Section 468B(g) of the Internal Revenue Code ("IRC"), 26 U.S.C. §§ 1.468B.1-1.468B.5. Respondent shall be responsible for any and all tax compliance responsibilities associated with the Fair Fund, including but not limited to tax obligations resulting from the Fair Fund's status as a QSF and the Foreign Account Tax Compliance Act (FATCA), and may retain any professional services necessary. The costs and expenses of tax compliance, including any such professional services shall be borne by Respondent and shall not be paid out of the Fair Fund.

(xii) Within 150 days after Respondent completes the disbursement of all amounts payable to affected investors, Respondent shall return all undisbursed funds to the Commission pursuant to the instructions set forth in this Subsection C. Respondent shall then submit to the Commission staff a final accounting and certification of the disposition of the Fair Fund for Commission approval, which final accounting and certification shall include, but not be limited to: (1) the amount paid to each affected investor, with reasonable interest; (2) the date of each payment; (3) the check number or other identifier of money transferred or credited to each affected investor; (4) the amount of any returned payment and the date received; (5) a description of any effort to locate an affected investor whose payment was returned or to whom payment was not made for any reason; (6) the total amount, if any, to be forwarded to the Commission for transfer to the United States Treasury; and (7) an affirmation that Respondent has made payments from the Fair Fund to affected investors in accordance with the Payment File approved by the Commission staff. Respondent shall submit the final accounting and certification, together with proof and supporting documentation of such payment in a form acceptable to Commission staff, under a cover letter that identifies 1st Global Advisors, Inc., now known as Avantax Advisory Services, Inc., as the Respondent in these proceedings and the file number of these proceedings to Kimberly Frederick, Assistant Regional Director, Asset Management Unit, Denver Regional Office, Securities and Exchange Commission, 1961 Stout Street, Suite 1700, Denver, CO 80294, or such other address as the Commission staff may provide. Any and all supporting documentation for the accounting and certification shall be provided to the Commission staff upon request, and Respondent shall cooperate with any additional requests by the Commission staff in connection with the accounting and certification.

(xiii) The Commission staff may extend any of the procedural dates set forth in this Subsection C for good cause shown. Deadlines for dates relating to the Fair Fund shall be counted in calendar days, except if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

D. Respondent shall comply with the undertakings enumerated in Section III, paragraphs 30.e through 30.f above.

By the Commission.

Vanessa A. Countryman
Secretary