

**FOR IMMEDIATE RELEASE**

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## **NH SECURITIES BUREAU REACHES \$400,000 SETTLEMENT WITH CEROS FINANCIAL SERVICES, INC.**

**CONCORD, NH (October 24th, 2017)** – Today, the New Hampshire Bureau of Securities Regulation issued a Consent Order against Ceros Financial Services, Inc. (“Ceros”) of Rockville, Maryland. Ceros is an introducing broker-dealer that, in addition to other services, provides transactional services to independent investment advisers. Since independent investment advisers are usually not licensed to engage directly in securities transactions they often rely on the services of introducing broker-dealers. Those introducing broker-dealers work with clearing firms to process transactions for a fee. The relationship between introducing broker-dealers and clearing firms are fully documented and the terms of the relationship must be adequately communicated to clients. During its investigation of Ceros, the Bureau discovered that customers of a now defunct investment adviser, Focus Capital Wealth Management (“Focus Capital”) formally of Bedford, New Hampshire, received conflicting disclosures concerning the clearing process and specifically who was responsible for monitoring client accounts. The disclosure from the clearing firm notified Focus Capital customers that Ceros would be monitoring their accounts while the disclosure from Ceros notified those same customers that, Focus Capital was responsible for monitoring their accounts.

As a result of the Consent Order, Ceros is ordered to pay an administrative fine of \$300,000 as well as the Bureau’s costs of \$100,000. Also, Ceros is ordered to enhance its procedures to resolve the issue of conflicting disclosures and to make certain that investment advisers that contract for services with Ceros are properly informing their customers of the clearing arrangement and which firm has the responsibility for account monitoring. Jeff Spill, Deputy Director in charge of enforcement stated that, “it is

imperative that investment adviser customers understand who is monitoring their accounts and, ultimately, who is responsible if that monitoring is inadequate”.

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