

## SEC Enforcement Case Summary Adviser Charged with Marketing, Books & Records, & Compliance Rule Violations

On September 4, 2025, the SEC announced a settled action against Meridian Financial, LLC (**Meridian**) (a registered investment adviser with approximately \$258 million in RAUM) for failures under the Investment Advisers Act concerning marketing, recordkeeping, and compliance requirements. Meridian agreed to pay a \$75,000 civil penalty and was ordered to engage in undertakings to correct the compliance failures identified.

According to the SEC's order, Meridian disseminated a website advertisement in which it claimed it "refuse[d] all conflicts of interest" without providing any context for this claim. However, the SEC noted that Meridian had recognized various conflicts of interest inherent in providing investment advisory services, including specifically, conflicts of interest disclosed in the firm's Form ADV Part 2A brochure. The brochure also indicated that Meridian would disclose certain conflicts of interest to clients or take steps to mitigate conflicts of interest. As such, the SEC found that Meridian violated the requirement under Rule 206(4)-1 (the **Marketing Rule**) that the adviser have a reasonable basis to believe that it would be able to substantiate such claim in its advertisement upon demand by SEC staff.

The SEC also noted that Meridian failed to maintain copies of all advertisements, including advertisements that appeared on its website, for required periods, in violation of Rule 204-2 (the **Books and Records Rule**). The SEC order stated that Meridian relied on a third-party website provider to maintain the advertisements but did not undertake an effort to confirm that the provider did so. In addition, the SEC's order described various violations of Rule 206(4)-7 (the **Compliance Rule**). Specifically, the SEC noted that Meridian's compliance manual stated that the annual compliance review must include a review of the firm's policies and procedures to assess their effectiveness in light of the business Meridian conducts, any changes in the Advisers Act or other applicable rules, and any compliance matters that arose during the previous year. In addition, Meridian's compliance manual required the evaluation and testing of both the efficacy and implementation of Meridian's written policies and procedures. However, the SEC noted that in 2023, Meridian's annual review was incomplete and limited to a cursory review of Meridian's Form ADV. In 2024, Meridian apparently conducted an annual review with the assistance of a compliance consultant. However, the 2024 annual review did not assess the adequacy of Meridian's policies and procedures, as the review assessed a stale version of the compliance manual that was no longer operative and did not capture the requirements of the amended Marketing Rule.

The SEC order noted remedial steps that the firm had taken in cooperation with SEC staff, including the prompt removal of the advertisement that violated the Marketing Rule, the firm's retention of a third party firm to aid with the preservation of books and records, a compliance consultant to advise on compliance matters and conduct compliance training, and a separate compliance consultant to serve as the firm's Chief Compliance Officer (**CCO**), a required position previously filled by the head of the firm rather than an experienced compliance professional. The firm agreed in its undertakings to conduct an annual compliance review and submit a certification to the SEC providing written evidence of compliance.

This case underscores the importance of being able to substantiate statements in advertisements, appointing a competent CCO, establishing and maintaining a robust compliance program that reflects the dynamic requirements under the Advisers Act, and regularly reviewing and testing for compliance, either internally and/or with assistance of competent compliance consultants.

See SEC Summary - <https://www.sec.gov/enforcement-litigation/administrative-proceedings/ia-6916-s>