

ADMINISTRATIVE PROCEEDING
File No. 3-17870

**SEC Charges Investment Adviser for Failing to Disclose Conflicts of Interest
Arising from Revenue Sharing Arrangements**

March 8, 2017 – The Securities and Exchange Commission today announced that Des Moines, Iowa-based Voya Financial Advisors, Inc. agreed to settle charges that it failed to disclose to its advisory clients that it received revenue from a third-party broker-dealer and the resulting conflicts of interest.

According to the SEC's order, since at least 2006, Voya participated in a no-transaction-fee mutual fund program offered by its clearing broker whereby the clearing broker agreed to share with Voya a certain percentage of revenues the clearing broker received from mutual funds in the program. Also, since 2014, Voya had a separate arrangement with the clearing broker whereby Voya agreed to provide certain administrative services in exchange for the clearing broker sharing a certain percentage of service fees it received from mutual funds on the platform. The SEC found that the payments under both arrangements created conflicts of interest because they provided a financial incentive for Voya to favor the mutual funds in the program over other investments when giving investment advice to its advisory clients. In its disclosures to its advisory clients, however, Voya did not disclose these arrangements or the resulting conflicts of interest.

The SEC's order finds that Voya violated Sections 206(2), 206(4), and 207 of the Investment Advisors Act of 1940, and Rule 206(4)-7 thereunder. Without admitting or denying the SEC's findings, Voya consented to a censure, a cease-and-desist order from committing or causing further violations of these provisions, and the payment of disgorgement of \$2,621,324 plus prejudgment interest, and a \$300,000 penalty.

The SEC's investigation was conducted by members of the Asset Management Unit, including John Farinacci, and was supervised by Jeremy E. Pendrey.

See also: [Order](#)