

P R E S S R E L E A S E

For Immediate Release

NORTH DAKOTA SECURITIES DEPARTMENT FINALIZES AGREEMENT WITH LPL FINANCIAL LLP, REGARDING SALES OF NON-TRADED REAL ESTATE INVESTMENT TRUSTS

Feb 16, 2016 – North Dakota Securities Commissioner Karen Tyler signed a final Consent Order with LPL Financial LLP (LPL) in connection with an investigation of LPL’s failure to implement an adequate supervisory system regarding its sale of non-traded Real Estate Investment Trusts (REITS) and its failure to enforce its written procedures regarding the sale of non-traded REITS.

Under the terms of the order, Boston-based LPL agreed to remediate losses for all non-traded REITS sold by the firm from January 1, 2008 through December 31, 2013 in violation of prospectus standards, state concentration limits or LPL’s own guidelines. LPL agreed to retain an independent third party to review and verify its executed sales transactions for violations during this period, believed to be more than 2,000 nationwide. LPL will make offers of remediation to affected investors in North Dakota upon completion of the third-party review.

The order also requires LPL to pay to the state a fine of \$11,012.50 representing North Dakota’s pro-rata share of a \$1.425 million settlement resulting from a multistate investigation of the firm by a task force of state securities regulators formed by the North American Securities Administrators Association (NASAA), of which North Dakota Department of Securities is a member.

The investigation concluded that LPL, through its agents, sold non-traded REITS in excess of the REIT’s prospectus standards, various state concentration limits or LPL’s Alternative Investment Guidelines. The investigation also found that LPL failed to implement a supervisory system that was reasonably designed to achieve compliance with state law.

Tyler noted that during the negotiations regarding a penalty amount, the Task Force took into consideration LPL’s attempts to identify sales transaction violations, its efforts in contacting certain states to self-report violations, its efforts to improve its supervisory system, and its cooperation with the Task Force.

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