

ADMINISTRATIVE PROCEEDING
File No. 3-17196

Iowa-based Investment Adviser and Supervisor Charged with Supervisory Failures

April 5, 2016 – The Securities and Exchange Commission today today charged an Iowa investment advisory firm and one of its supervisors with failing to adequately supervise an employee who defrauded at least 47 advisory clients and engaged in unsuitable trading in some clients’ accounts.

Cambridge Investment Research Advisors Inc., of Fairfield, Iowa, agreed to settle the charges by paying a \$225,000 penalty and hiring a consultant to improve its supervisory and compliance controls. Alexander R. Bastron agreed to settle the charges and will pay a \$20,000 penalty and be suspended for one year from acting as a supervisor. Cambridge and Bastron each settled without admitting or denying the SEC’s findings.

According to the orders against Cambridge and Bastron:

- Sandru joined Cambridge in July 2009. In November 2009, Cambridge determined that Sandru should be placed on heightened supervision given his poor credit, including a home in foreclosure, and a FINRA investigation into his termination by his prior employer.
- In March 2010, Cambridge’s compliance department sent its plan to Bastron, who was Sandru’s supervisor. Bastron failed to implement the plan, which included a requirement for him to contact five of Sandru’s clients.
- Cambridge did not ensure that its heightened supervision plan was implemented, lacked systems, policies and procedures to prevent fraudulent activities in connection with financial planning services, and lacked systems to implement its policies to prevent unsuitable options trading in advisory client accounts.

The proceedings stem from SEC charges in 2013 against Richard P. Sandru, an investment adviser representative at Cambridge’s Perrysburg, Ohio, branch office. Sandru was barred from the financial services industry after he was [found](#) to have charged clients for services he did not provide and they did not authorize. From late 2009 through March 2011, Sandru misappropriated funds by forging clients’ signatures on financial planning agreements or adding costs to agreements without their knowledge after the clients signed them.

The SEC’s investigation was conducted in the Chicago office by Kathryn A. Pyszka and Erik J. Lillya. The SEC examination that led to the investigation was conducted by Nathan D. Haselhorst and Peter Driscoll.

See also: [SEC Order – Cambridge](#)
 [SEC Order – Bastron](#)