

**COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, ROOM 1701
BOSTON, MASSACHUSETTS 02108**

IN THE MATTER OF:)	
)	
BRUCE TAYLOR CAMERON, and)	
RBC CAPITAL MARKETS, LLC,)	
)	
RESPONDENTS.)	Docket No. E-2019-0117
)	

ADMINISTRATIVE COMPLAINT

I. PRELIMINARY STATEMENT

The Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (the “Enforcement Section” and the “Division,” respectively) files this Administrative Complaint (the “Complaint”) to commence an adjudicatory proceeding against Bruce Taylor Cameron (“Cameron”) and RBC Capital Markets, LLC (“RBC”) (together, “Respondents”) for violations of MASS. GEN. LAWS ch. 110A, the Massachusetts Uniform Securities Act (the “Act”), and the regulations promulgated thereunder at 950 MASS. CODE REGS. 10.00 – 14.413 (the “Regulations”). The Enforcement Section alleges that Respondents engaged in acts and practices in violation of Section 204 of the Act and Regulations by making unsuitable recommendations which overconcentrated clients in a single sector, and by failing to enforce policies and procedures with respect to those recommendations.

The Enforcement Section seeks an order: 1) finding as fact the allegations set forth below; 2) finding all the sanctions and remedies detailed herein are in the public interest and

necessary for the protection of Massachusetts investors; 3) requiring Respondents to permanently cease and desist from further conduct in violation of the Act and Regulations; 4) censuring Respondents; 5) requiring Respondent RBC to review its supervisory procedures to ensure compliance with applicable state and federal securities laws; 6) requiring Respondent RBC to engage an independent compliance consultant to review and establish written policies and procedures related to overconcentration and as guided by the allegations contained in this Complaint; 7) requiring Respondent RBC to conduct a review of all customer accounts serviced by its agent, Respondent Cameron, during the Relevant Time Period; 8) requiring Respondents to provide a verified accounting of all proceeds which were received as a result of the alleged wrongdoing; 9) requiring Respondents to pay restitution to fairly compensate investors for all losses attributable to the alleged wrongdoing; 10) requiring Respondents to disgorge all profits and direct or indirect compensation and remuneration received by Respondents in connection with the alleged wrongdoing; 11) suspending Respondent Cameron's registration as a broker-dealer agent in Massachusetts; 12) imposing an administrative fine on Respondents in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and 13) taking any such further action which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

II. SUMMARY

Bruce Taylor Cameron ("Cameron") is a registered representative of RBC Capital Markets ("RBC"). Over the course of nearly 20 years, Cameron has provided services to Massachusetts investors while working for RBC. Over the last decade, Cameron developed a one-size-fits-all investment strategy which ignored RBC's internal compliance

procedures, and RBC similarly failed to address Cameron's actions. For much of this time, Cameron was registered as a broker-dealer agent and investment adviser representative in Massachusetts.

Cameron joined RBC in 2002 and began recommending that his clients invest in a type of security known as a Master Limited Partnership ("MLP") as early as 2013. MLPs are typically used in the energy sector and are a unique investment that combines the liquidity of a common stock with the tax liability of a partnership. The value of a given energy sector MLP product is tied directly to the price of the natural resource underlying the MLP, be it oil, natural gas, or other natural gas byproducts. As such, energy sector MLPs expose investors to significant risk of loss if the energy market fails to perform as expected. Additionally, the tax consequences of energy sector MLPs may be detrimental to retirement or other tax-exempt accounts. As such, the approach taken by Cameron caused significant harm to the retirement assets of Massachusetts investors.

Cameron found his niche recommending MLPs and other energy sector securities to his clients, and by the mid-2010s, he made it the forefront of his practice. While RBC does not allow its advisers to concentrate more than 30% of a client's account in a single sector, Cameron routinely invested 50% or more of his clients' accounts in energy sector MLPs and securities. Cameron would also heavily invest his clients' accounts in energy sector MLPs and securities irrespective of the clients' circumstances, also directly against RBC's policies. Cameron failed to adequately consider the investment objectives of his clients' accounts when concentrating their assets in the energy sector. In total, Cameron recommended the purchase or sale of at least \$30,000,000 worth of energy sector MLPs between 2013 and 2017.

Meanwhile, RBC sat idly by while Cameron unnecessarily put the assets of Massachusetts investors at risk. RBC did little to enforce its own policies and procedures with respect to Cameron and other RBC representatives. Between 2013 and 2017, RBC's compliance software, ProSurv, flagged just 36 out of the over 700 MLP transactions Cameron effected as potentially overconcentrating client accounts in a single sector. In every case, RBC put its stamp of approval on these flagged transactions. Additionally, RBC policies require that its representatives consider each client's unique circumstances when making investment recommendations. RBC's rubber-stamping of its representatives' recommendations put its clients and their finances at risk.

With this action, the Enforcement Section seeks to prevent further harm to Massachusetts investors by Respondents Cameron and RBC.

III. JURISDICTION AND AUTHORITY

1. As provided for by the Act, the Division has jurisdiction over matters relating to securities pursuant to chapter 110A of Massachusetts General Laws.
2. The Enforcement Section brings this action pursuant to the authority conferred upon the Division by Section 407A and 414 of the Act, wherein the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and the Regulations.
3. This proceeding is brought in accordance with Section 204 of the Act and the Regulations.
4. The Enforcement Section reserves the right to amend this Complaint and bring additional administrative complaints to reflect information developed during the current and ongoing investigation.

IV. RELEVANT TIME PERIOD

5. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of January 1, 2013 through January 1, 2017 (the “Relevant Time Period”).

V. RESPONDENTS

6. Bruce Taylor Cameron (“Cameron”) is an individual with a last known address in Massachusetts. Cameron has a Financial Industry Regulatory Authority (“FINRA”) Central Registration Depository (“CRD”) number of 38840. Cameron has been registered as a broker-dealer agent of RBC Capital Markets, LLC in Massachusetts since March 9, 2002, and was registered as an investment-adviser representative of RBC Capital Markets, LLC between October 15, 2003 and November 8, 2019.

7. RBC Capital Markets, LLC (“RBC”) is a limited liability company formed under the laws of Minnesota on December 29, 1981, with its principal place of business at Three World Financial Center, 200 Vesey Street, 5th Floor, New York, New York 10281. RBC has a FINRA CRD number of 31194. RBC maintains an office in Massachusetts at 84 State Street, Boston, Massachusetts 02109. RBC has been registered as a broker-dealer in Massachusetts since November 12, 1997, and notice-filed as an investment adviser in Massachusetts since November 2, 2001.

VI. STATEMENT OF FACTS

A. Cameron overconcentrated his clients’ portfolios in energy sector master limited partnerships.

i. Energy Sector Master Limited Partnerships and Securities

8. Master Limited Partnerships (“MLPs”) are a type of partnership where the limited

partnership interests trade on public exchanges.

9. Limited partnership interests in MLPs are often referred to as “units” or “common units,” and the limited partners are often referred to as “unit holders.”

10. MLPs are not separate legal entities as corporations are, rather, all investors are proportionally liable for the MLPs’ profits and losses.

11. The MLP’s general partners conduct all business operations for the partnership, while the MLP’s tax liability is passed on to the investors.

12. Inherent conflicts of interest exist between the MLP’s general partner and the limited partners that could result in the general partner favoring his own interests over the interests of the MLP and its investors.

13. MLP investors are treated as limited partners for tax purposes, meaning that they receive a Schedule K-1 (Form 1065) rather than a 1099-DIV (Form 1099). A Schedule K-1 lists the investors’ share of income, deductions, credits, and other tax items. If the MLP has operations in multiple states, the investors may need to file a tax return in each state.

14. Additionally, LLCs can either be taxed as a sole proprietorship or partnership based on the number of members. With multiple owners, an LLC is automatically elected to be taxed as a partnership by default, while an LLC with one owner is taxed as a sole proprietorship.

15. Some LLCs are structured and taxed as limited partnerships so that they may be publicly traded.

16. Up to all of the MLP or LLC investor’s distribution may consist of a return of their initial investment, meaning that a portion of a distribution may not be from the net profits of the company’s operations.

17. The business structure of the MLP or LLC may generate unrelated business income that may have undesirable tax consequences for retirement accounts and other tax-exempt accounts. Consequently, even if an MLP investment is held in a retirement account or other tax deferred account, an investor may still be required to pay taxes on certain distributions from the MLP in that year.

18. The vast majority of MLPs' business operations are in the energy sector.

19. The value of energy sector MLPs' and LLCs' units are directly tied to the health of the energy sector and are particularly vulnerable to commodity price fluctuations because significant decreases in the production or supply of natural resources can adversely impact revenue and cash flow, thus impacting distributions made to unit holders.

20. For example, the prospectus for Breitburn Energy Partners, LP states, “[o]il and gas prices are very volatile and currently are at historically high levels. A decline in commodity prices will cause a decline in our cash flow from operations, which may force us to reduce our distributions or cease paying distributions altogether.”

21. Similarly, the prospectus for Linn Energy, LLC states, “Linn’s revenue, profitability and cash flow depend upon the prices of and demand for oil, natural gas and [natural gas liquids].”

ii. Bruce Taylor Cameron’s Unsuitable One-Size-Fits-All Approach

22. As a registered representative of RBC, Cameron provided services to approximately 75 households in 2013 and approximately 48 households in 2019.

23. Between 2013 and 2017, Cameron serviced accounts for at least 53 separate Massachusetts households.

24. Cameron generally relies on the Wall Street Journal, Barron's Magazine, and RBC's outlook publications for market research.
25. Cameron looks for "companies that are structured as master limited partnerships and real estate investment trusts" when choosing how to invest client assets.
26. Cameron invested over \$30,000,000 of his customer's assets in MLPs and energy sector securities between 2013 and 2017.
27. Cameron generated at least \$160,000 in gross commissions for RBC for the purchase and sale of energy sector MLPs and securities between 2013 and 2017.
28. Cameron himself earned approximately \$64,000 in commissions between 2013 and 2017.
29. Cameron provides services to investors with a wide range of investable assets, income, and ages, including retirees.

1. Investor One

30. Investor One is a 79-year-old resident of Middleboro, Massachusetts, and was Cameron and RBC's client during the Relevant Time Period.
31. Investor One had at least two RBC accounts which Cameron managed, one account ending in 8048 ("Account 8048"), and an account ending in 8053 ("Account 8053").
32. Cameron recommended the purchase and sale of investments in Account 8048 and Account 8053.
33. Investor One made between \$100,000 and \$199,999 annually, was employed as a system administrator, and had a liquid net worth between \$1,000,000 - \$2,999,999.
34. Account 8048 is a personal account with an investment objective of balanced / conservative growth.

35. In March 2014, \$988,131.00 out of the \$1,635,658.82 in Account 8048 were invested in energy sector MLPs and securities.

36. In March 2015, \$999,565.00 out of the \$1,323,525.57 in Account 8048 were invested in energy sector MLPs and securities.

37. In March 2016, \$536,800.40 out of the \$908,697.86 in Account 8048 were invested in the energy sector and energy sector MLPs and securities.

38. Account 8048 contained the following energy sector MLPs and securities between 2014 and 2016: Amerigas Partners (APU), Breitburn Energy Partners (BBEP), Breitburn Energy (BEEPQ), Crossamerica Partners (CAPL), Eagle Rock Energy Partners (EROC), Enable Midstream Partners (ENBL), Enlink Midstream Partners, (ENLK), Exterran Partners (EXLP), Genesis Energy LP (GEL), Global Partners (GLP), JP Energy Partners (JPEP), Kinder Morgan Energy Partners (KMP), Legacy Reserves LP (LGCY), Lincoo LLC (LINCOQ), Linn Energy LLC (LINE), Markwest Energy Partners (MWE), Martin Midstream Partners (MMLP), Mid Con Energy Partners (MCEP), MPLX LP (MPLX), NGL Energy Partners (NGL), Philips 66 Partners (PSXP), Southcross Energy Partners (SXE), Summit Midstream Partners (SMLP), Sunoco LP (SUN), Susser Petroleum Partners (SUSP), Tallgrass Energy Partners (TEP), and Vanguard Natural Resources (VNR).

39. Account 8053 is a retirement account with an investment objective of balanced / conservative growth.

40. In March 2014, \$33,039.00 out of the \$40,071.74 in Account 8053 were invested in energy sector MLPs and securities.

41. In March 2015, \$31,950.00 out of the \$33,963.71 in Account 8053 were invested in energy sector MLPs and securities.
42. In March 2016, \$14,913.00 out of the \$15,480.45 in Account 8053 were invested in energy sector MLPs and securities.
43. Account 8053 contained one MLP between 2014 and 2016.
44. Cameron's recommendations unsuitably overconcentrated Investor One's accounts in the energy sector.

2. Investor Two

45. Investor Two is a 75-year-old resident of Truro, Massachusetts, and was Cameron and RBC's client during the Relevant Time Period.
46. Investor Two had at least two RBC accounts which Cameron managed, an account ending in 7937 ("Account 7937") and an account ending in 8042 ("Account 8042").
47. Cameron recommended the purchase and sale of investments in Account 7937 and Account 8042.
48. Account 7937 is a joint account with Investor Two's spouse.
49. Investor Two has a liquid net worth of \$1,000,000 to \$3,000,000.
50. In March 2014, \$2,850,860.15 out of the \$2,895,750.15 in Account 7937 were invested in energy sector MLPs and securities.
51. In March 2015, \$2,406,039.54 out of the \$2,453,904.54 in Account 7937 were invested in energy sector MLPs and securities.
52. In March 2016, \$1,370,015.37 out of the \$1,426,333.37 in Account 7937 were invested in the energy sector MLPs and other securities.

53. Account 7937 contained the following energy sector MLPs and securities between 2014 and 2016: Access Midstream Partners LP (ACMP), Eagle Rock Energy Partners (EROC), Enable Midstream Partners (ENBL), Ferrellgas Partners LP (FGP), Genesis Energy LP (GEL), Holly Energy Partners LP (HEP), JP Energy Partners (JPEP), Kinder Morgan Energy Partners (KMP), Lehigh Gas Partners LP (LGP), MPLX LP (MPLX), Plains All American Pipeline LP (PAA), Tallgrass Energy Partners (TEP), Vanguard Natural Resources (VNR), and Williams Partners LP (WPZ).

54. Account 8042 is an individual account.

55. In March 2014, the entire value of Account 8042, \$138,752.00, was invested in energy sector MLPs and securities.

56. In March 2015, the entire value of Account 8042, \$52,574.24, was invested in energy sector MLPs and securities.

57. In March 2016, the entire account value of Account 8042, \$5,896.17, was invested in energy sector MLPs and securities.

58. Account 8042 contained the following energy sector MLPs and securities between 2014 and 2016: Breitburn Energy Partners LP (BBPE), Eagle Rock Energy Partners LP (EROC), Memorial Production Partners LP (MEMP), QR Energy LP (QRE), and Vanguard Natural Resources LLC (VNR).

59. Cameron's recommendations unsuitably overconcentrated Investor Two's accounts in the energy sector.

3. Investor Three

60. Investor Three is an 85-year-old resident of Sunset Beach, North Carolina, and was Cameron and RBC's client during the Relevant Time Period.

61. Investor Three had at least one RBC account which Cameron managed, an account ending in 7965 (“Account 7965”).
62. Cameron recommended the purchase and sale of investments in Account 7965.
63. Account 7965 is a joint account with Investor Three’s spouse.
64. Investor Three has a liquid net worth of less than \$100,000, and Investor Three’s annual income is less than \$50,000.
65. In March 2014, \$94,508.00 of the \$105,029.00 in Account 7965 were invested in energy sector MLPs and securities.
66. In March 2015, the entire value of Account 7965, \$91,353.00, was invested in energy sector MLPs and securities.
67. In March 2016, \$35,684.07 of the \$47,435.07 in Account 7965 were invested in energy sector MLPs and securities.
68. Account 7965 contained the following energy sector MLPs and securities between 2014 and 2016: Enterprise Products Partners (EPD), Enviva Partners LP (EVA), Linn Energy LLC (LINE), Linnco LLC (LNCOQ), Markwest Energy Partners LP (MWE), MLPX LP (MLPX), and Sunoco LP (SUN).
69. Cameron’s recommendations unsuitably overconcentrated Investor Three’s accounts in the energy sector.

4. Investor Four

70. Investor Four is an 80-year-old resident of Intervale, New Hampshire, and was Cameron and RBC’s client during the Relevant Time Period.
71. Investor Four had at least two RBC accounts which Cameron managed, an account ending in 7962 (“Account 7962”) and an account ending in 9024 (“Account 9024”).

72. Cameron recommended the purchase and sale of investments in Account 7962 and Account 9024.
73. Account 9024 contained less than \$5,000 between March 2014 and March 2016, all of which Cameron invested in securities unrelated to the energy sector.
74. Account 7962 is a joint account with Investor Four's spouse an investment objective of aggressive growth.
75. In March 2014, \$1,688,233.15 of the \$1,784,977.15 in Account 7962 were invested in energy sector MLPs and securities.
76. In March 2015, \$1,534,722.82 of the \$1,679,142.82 in Account 7962 were invested in energy sector MLPs and securities.
77. In March 2016, \$659,226.10 of the \$933,698.10 in Account 7962 were invested in energy sector MLPs and securities.
78. Account 7962 contained the following energy sector MLPs and securities between 2014 and 2016: Amerigas Partners LP (APU), Atlas Pipeline Partners LP (APL), Crossamerica Partners (CAPL), Eagle Rock Energy Partners (EROC), Enable Midstream Partners (ENBL), Enbridge Energy Partners LP (EEP), Enterprise Products Partners LP (EPD), JP Energy Partners (JPEP), Kinder Morgan Energy Partners (KMP) Kinder Morgan Inc (KMI), Legacy Reserves LP (LGCY), Lehigh Gas Partners LP (LGP), Linn Energy LLC (LINE), Markwest Energy Partners (MWE), Mid Con Energy Partners (MCEP), MPLX LP (MPLX), NGL Energy Partners (NGL), Niska Gas Storage Partners LLC (NKA), Plains All American Pipeline (PAA), Polaris Industries Inc (PII), QR Energy LP (QRE), Rose Rock Midstream LP (RRMS), Southcross Energy Partners (SXE), Summit

Midstream Partners (SMLP), Tallgrass Energy Partners (TEP), Targa Resources Partners LP (NGLS), Targa Resources Corp (TRGP), and Williams Partners LP (WPZ).

79. Cameron's recommendations unsuitably overconcentrated Investor Four's accounts in the energy sector.

5. Investor Five

80. Investor Five is a 70-year-old resident of Newman, Georgia, and was Cameron and RBC's client during the Relevant Time Period.

81. Investor Five had at least two accounts with RBC which Cameron managed, an account ending in 7971 ("Account 7971") and an account ending in 8998 ("Account 8998").

82. Cameron recommended the purchase and sale of investments in Account 7971 and Account 8998.

83. Account 7971 is a retirement account with an investment objective of growth and income.

84. Investor Five has a liquid net worth of \$250,000 to \$499,999.

85. In March 2014, the entire value of Account 7971, \$135,295.00, was invested in energy sector MLPs and securities.

86. In March 2015, the entire value of Account 7971, \$146,433.24, was invested in energy sector MLPs and securities.

87. In March 2016, the entire value of Account 7971, \$32,63622.10, was invested in energy sector MLPs and securities.

88. Account 7971 contained the following energy sector MLPs and securities between 2014 and 2016: Enable Midstream Partners LP (ENBL), Kinder Morgan Energy Partners

LP (KMP), Kinder Morgan Inc (KMI), Markwest Energy Partners LP (MWE), Mid Con Energy Partners LP (MCEP), and MPLX LP (MPLX).

89. Account 8998 is an individual account with an investment objective of growth and income.

90. In March 2014, \$133,642.50 of the \$206,876.50 in Account 8998 were invested in energy sector MLPs and securities.

91. In March 2015, \$75,550.00 of the \$156,030.00 in Account 8998 were invested in energy sector MLPs and securities.

92. Account 8998 contained the following energy sector MLPs and securities between 2014 and 2016: DCP Midstream Partners LP (DPM), Enable Midstream Partners LP (ENBL), Kinder Morgan Inc (KMI), Mid Con Energy Partners LP (MCEP), QR Energy LP (QRE), and Southcross Energy Partners LP (SXE).

93. Cameron's recommendations unsuitably overconcentrated Investor Five's accounts in the energy sector.

6. Investor Six

94. Investor Six is an 80-year-old resident of Hingham, Massachusetts, and was Cameron and RBC's client during the Relevant Time Period.

95. Investor Six had at least one RBC account which Cameron managed, an account ending in 7993 ("Account 7993").

96. Cameron recommended the purchase and sale of investments in Account 7993.

97. Account 7993 is a personal account with an investment objective of speculation.

98. Investor Six had an annual income of over \$500,000 and a liquid net worth between \$1,000,000 and \$2,999,999.

99. In March 2014, the entire value of Account 7993, \$765,471.60, was invested in energy sector MLPs and securities.

100. In March 2015, the entire value of Account 7993, \$603,802.00, was invested in energy sector MLPs and securities.

101. In March 2016, \$293,943.45 out of the \$304,803.45 in Account 7993 were invested in energy sector MLPs and securities.

102. Account 7993 contained the following energy sector MLPs and securities between 2014 and 2016: DCP Midstream Partners LP (DPM), Eagle Rock Energy Partners (EROC), Kinder Morgan Inc (KMI), Kinder Morgan Energy Partners (KMP), Legacy Reserves LP (LGCY), Linn Energy LLC (LINE), Markwest Energy Partners (MWE), MPLX LP (MPLX), NGL Energy Partners (NGL), Summit Midstream Partners (SMLP), Sunoco LP (SUN), Tallgrass Energy GP LP (TGP), Tallgrass Energy Partners (TEP), and Vanguard Natural Resources LLC (VNR).

103. Cameron's recommendations unsuitably overconcentrated Investor Six's accounts in the energy sector.

7. Investor Seven

104. Investor Seven is a 72-year-old resident of Hingham, Massachusetts, and was Cameron and RBC's client during the Relevant Time Period.

105. Investor Seven had at least one account with RBC which Cameron managed, an account ending in 7995 ("Account 7995").

106. Cameron recommended the purchase and sale of investments in Account 7995.

107. Account 7995 is a personal account with an investment objective of speculation.

108. Investor Seven had an annual income of between \$50,000 and \$99,999 and a liquid net worth between \$1,000,000 and \$2,999,999.

109. In March 2014, \$801,666.04 out of the \$838,656.04 in Account 7995 were invested in energy sector MLPs and securities.

110. In March 2015, the entire value of Account 7995, \$556,634.60, was invested in energy sector MLPs and securities.

111. In March 2016, \$130,551.10 out of the \$197,917.71 in Account 7995 were invested in energy sector MLPs and securities.

112. Account 7995 contained the following energy sector MLPs and securities between 2014 and 2016: Amerigas Partners (APU), DCP Midstream Partners (DPM), Eagle Rock Energy Partners (EROC), Enable Midstream Partners (ENBL), Exterran Partners (EXLP), Kayne Anderson MLP (KYN), Kinder Morgan Energy Partners (KMP), Linn Energy LLC (LINE), Markwest Energy Partners (MWE), Martin Midstream Partners (MMLP), MPLX LP (MPLX), Summit Midstream Partners (SMLP), Sunoco LP (SUN), Tallgrass Energy GP LP (TEGP), Tallgrass Energy Partners (TEP), and Vanguard Natural Resources LLC (VNR).

113. Cameron's recommendations unsuitably overconcentrated Investor Seven's accounts in the energy sector.

8. Investor Eight

114. Investor Eight is a 66-year-old resident of Olga, Washington, and was Cameron and RBC's client during the Relevant Time Period.

115. Investor Eight at least two RBC accounts which Cameron managed, an account ending in 8113 ("Account 8113") and an account ending in 8783 ("Account 8783").

116. Cameron recommended the purchase and sale of investments in Account 8113 and Account 8783.
117. Account 8113 is retirement account with an investment objective of growth.
118. Investor Eight had an annual income of under \$50,000 and a liquid net worth under \$100,000.
119. In March 2014, the entire value of Account 8113, \$17,389.77, was invested in energy sector MLPs and securities.
120. In March 2015, the entire value of Account 8113, \$16,810.31, was invested in energy sector MLPs and securities.
121. In March 2016, the entire value of Account 8113, \$10,739.69, was invested in energy sector MLPs and securities.
122. The energy sector MLP in which Investor Eight invested between 2014 and 2016 in Account 8113 was Tortoise Energy Infrastructure Corp (TYG).
123. Account 8783 is a personal account with an investment objective of balanced growth.
124. Investor Eight had an annual income of under \$50,000 and a liquid net worth between \$100,000 and \$249,999.
125. In March 2014, the entire value of Account 8783, 94,054.02, was invested in energy sector MLPs and securities.
126. In March 2015, the entire value of Account 8783, \$94,847.48, was invested in energy sector MLPs and securities.
127. In March 2016, the entire value of Account 8783, \$63,798.94, was invested in the energy sector MLPs and securities.

128. Account 8783 contained the following energy sector MLPs and securities between 2014 and 2016: Breitburn Energy Partners LP (BBEP), Breitburn Energy Partners LP (BBEPQ), Eagle Rock Energy Partners LP (EROC), Enterprise Products Partners LP (EPD), Kinder Morgan Inc (KMI), Linn Energy LLC (LINE), Linnco LLC (LNCOQ), Markwest Energy Partners LP (MWE), MPLX LP (MPLX), Plains All American Pipeline LP (PAA), Sunnoco LP (SUN), and Vanguard Natural Resources LLC (VNR).

129. Cameron's recommendations unsuitably overconcentrated Investor Eight's accounts in the energy sector.

9. Investor Nine

130. Investor Nine is a 74-year-old resident of Anna Maria, Florida, and was Cameron and RBC's client during the Relevant Time Period.

131. Investor Nine had at least one account with RBC which Cameron managed, an account ending in 8234 ("Account 8234").

132. Cameron recommended the purchase and sale of investments in Account 8234.

133. Account 8234 is a personal account with an investment objective of growth,

134. Investor Nine had an annual income of between \$50,000 and \$99,999 and a liquid net worth between \$500,000 and \$999,999.

135. In March 2014, \$276,520.12 out of the \$348,068.71 in Account 8234 were invested in energy sector MLPs and securities.

136. In March 2015, \$201,934.39 out of the \$231,299.30 in Account 8234 were invested in energy sector MLPs and securities.

137. In March 2016, \$91,312.56 out of the \$118,075.27 in Account 8234 were invested in energy sector MLPs and securities.

138. Account 8234 contained the following energy sector MLPs and securities between 2014 and 2016: Breitburn Energy Partners LP (BBEP), Crossamerica Partners LP (CAPL), Eagle Rock Energy Partners LP (EROC), Enable Midstream Partners LP (ENBL), Legacy Reserves LP (LGCY), Lehigh Gas Partners LP (LGP), Linn Energy LLC (LINE), Linnco LP (LNCOQ), QR Energy LP (QRE), Summit Midstream Partners LP (SMLP), and Vanguard Natural Resources LLP (VNR).

139. Cameron's recommendations unsuitably overconcentrated Investor Nine's accounts in the energy sector.

10. Investor Ten

140. Investor Ten is a 75-year-old resident of Anna Maria, Florida, and was Cameron and RBC's client during the Relevant Time Period.

141. Investor Ten had at least three accounts with RBC which Cameron managed, an account 6539 ("Account 6539"), an account ending in 6557 ("Account 6557"), and an account ending in 2498 ("Account 2498").

142. Cameron recommended the purchase and sale of investments in Account 6539, Account 6557, and Account 2498

143. Account 6539 is a joint account between Investor Ten, Investor Eight, and another individual with an investment objective of balanced / conservative growth

144. Investor Ten had an annual income of between \$100,000 and \$249,999, and Investor Ten had a liquid net worth between \$500,000 and \$999,999.

145. In March 2014, the entire account value of Account 6539, \$93,975.48 was invested in energy sector MLPs and securities.

146. In March 2015, the entire account value of Account 6539, \$84,433.04, was invested in energy sector MLPs and securities.

147. Account 6539 contained the following energy sector MLPs and securities between 2014 and 2016: Breitburn Energy Partners LP (BBEP), Eagle Rock Energy Partners LP (EROC), Enterprise Products Partners (EPD), Kinder Morgan Energy Partners (KMP), Kinder Morgan Inc (KMPI), Linn Energy CCL (LINE), Markwest Energy Partners LP (MWE), and Plains All American Pipeline LP (PAA).

148. Account 6557 is a retirement account with an investment objective of balanced / conservative growth.

149. Investor Ten had annual income of between \$50,000 and \$99,999 and a liquid net worth between \$500,000 and \$999,999.

150. In March 2014, \$294,213.95 out of the \$466,175.78 in Account 6557 were invested in energy sector MLPs and securities.

151. In March 2015, \$224,561.23 out of the \$295,327.29 in account 6557 were invested in energy sector MLPs and securities.

152. In March 2016, \$82,896.30 out of the \$144,154.68 in account 6557 were invested in energy sector MLPs and securities.

153. Account 6557 contained the following energy sector MLPs and securities between 2014 and 2016: Breitburn Energy Partners LP (BBEP), Crossamerica Partners LP (CAPL), Eagle Rock Energy Partners LP (EROC), Enable Midstream Partners LP (ENBL), Legacy Reserves LP (LGCY), Lehigh Gas Partners (LGP), Linn Energy LLC (LINE), Linnco LLC (LNCOQ), QR Energy LP (QRE), Summit Midstream Partners LP (SMLP), The Cushing MLP Total Return (SRV), and Vanguard Natural Resources LLC (VNR).

154. Account 2498 is an individual account with an investment objective of balanced / conservative growth.

155. Investor Ten had an annual income of between \$100,000 and \$249,999 and a liquid net worth between \$500,000 and \$999,999.

156. In March 2014, the entire value of Account 2498, \$515,886.38, was invested in energy sector MLPs and securities.

157. In March 2015, the entire value of Account 2498, \$226,167.11, was invested in energy sector MLPs and securities.

158. In March 2016, the entire value of Account 2498, \$138,700.29, was invested in energy sector MLPs and securities.

159. Account 2498 contained the following energy sector MLPs and securities between 2014 and 2016: Breitburn Energy Partners LP (BBEP), Eagle Rock Energy Partners LP (EROC), Enterprise Product Partners (EPD), Kinder Morgan Energy Partners (KMP), Legacy Reserves LP (LGCY), Linn Energy LLC (LINE), Linco LLC (LNCOQ), Markwest Energy Partners LP (MWE), MPLX LP (MPLX) Plains All American Pipeline LP (PAA), Vanguard Natural Resources LLC (VNR), and Williams Partners LP (WPZ).

160. Cameron's recommendations unsuitably overconcentrated Investor Ten's accounts in the energy sector.

B. RBC failed to prevent Cameron from over-concentrating his clients in energy sector MLPs and securities.

161. RBC policies and procedures provide for the suitability of investment recommendations.

162. RBC representatives are required to "Know Your Customer." Specifically, RBC representatives must:

[E]xercise reasonable diligence, in regard to the opening and maintaining of every account, [] know and retain all of the essential facts pertaining to every client and concerning the authority of each person acting on the client's behalf.

163. With respect to each client's unique circumstances, RBC policies and procedures require its representatives to ensure recommendations are suitable to each client.

Specifically:

The [RBC representative] must have a reasonable basis for believing that each recommendation is suitable for the specific client based on that client's investment profile. As such, a broad assessment of the client's profile must be performed in connection with each recommendation, and should not be limited solely to investment objective or risk tolerance. Since each recommendation must be suitable at the time that it is made, the [RBC representative] must ensure that the client's investment profile information is accurate and up-to-date. If a recommendation is made based on stale profile information or if the client's financial circumstances have changed significantly without being noted by the [RBC Representative], a recommendation that appears suitable could actually fail this test for this particular suitability obligation.

164. RBC policies and procedures provide the following guidance regarding account concentration:

While heavy weighting in a single security or sector may be considered more appropriate for an aggressive investor than a moderate or conservative investor, diligent supervision should be performed in situations where an account has more than 20% of the portfolio invested in a single security or more than 30% in a single sector irrespective of the investment objective. For accounts with very conservative objectives, these percentages will be somewhat lower.

165. RBC policies and procedures require its representatives to "[u]nderstand and comply with this policy."

166. Additionally, RBC policies and procedures require its supervisors to “[i]dentify and respond to indications of non-compliance with this policy.”

167. Cameron stated during testimony before the Enforcement Section that he had never seen this section of RBC policies and procedures related to concentration.

168. Cameron never consulted RBC’s “internal compliance manual.”

169. Additionally, Cameron never received notification from RBC regarding account concentration.

170. During the Relevant Time Period, RBC used the ProSurv software to ensure compliance with its policies.

171. During the Relevant Time Period, the ProSurv software flagged at least 36 separate transactions Cameron effected as “levels exceeding the threshold based on the account risk tolerance when the over-concentrated security is being purchased.”

172. Cameron made over 700 MLP transactions in his client accounts during the Relevant Time Period.

173. When asked if he ever received communications from a supervisor regarding a flagged trade, Cameron responded “it may have happened once or twice, but extremely infrequently.”

C. RBC failed to prevent other representatives from over-concentrating Massachusetts customer assets.

174. Investor Eleven is a resident of East Sandwich, Massachusetts, who opened several accounts at RBC in September 2008.

175. One such account was a corporate account ending in 4127 (“Account 4127”).

176. Account 4127 was an individual account which had an investment objective of balanced / conservative growth.

177. In August 2010, approximately all \$366,000 of Account 4127 was invested in taxable fixed income products.

178. On the recommendation of her RBC investment adviser representative (“RBC Adviser One”), Investor Eleven began to purchase securities in the telecommunications sector.

179. In September 2010, Investor Eleven purchased 2,900 shares of Frontier Communications Corporation (“Frontier”) worth \$24,404.70 and 1,950 shares of Windstream Corporation (“Windstream”) worth \$24,483.85.

180. Both Frontier and Windstream are in the telecommunications sector.

181. After the September 30, 2010 purchase of Windstream and Frontier, 74% of Account 4127 was allocated to taxable fixed income, 13% to cash and money market funds, and 13% to US equities. The total value of the account was approximately \$366,000.

182. RBC Adviser One earned a commission of \$1,100 from the Windstream and Frontier transactions.

183. RBC Adviser One reported both the Windstream and Frontier transactions as “unsolicited” trades.

184. Windstream and Frontier were the only US equities in Account 4127 after their purchase in 2010.

185. After purchasing Windstream and Frontier shares, 13% of Account 4127 was held in US equities, all in the telecommunications sector.

186. Between September 2010 and May 2011, Windstream and Frontier accounted for between 13% and 15% of Account 4127.

187. Beginning in June 2011, Frontier and Windstream began to lose value.

188. The total value of Investor Eleven's investment in Frontier and Windstream dropped from \$51,892.50 in May 2011 to \$30,290.00 in November 2012.

189. On November 9, 2012, RBC Adviser One recommended that Investor Eleven liquidate approximately \$123,000 worth of General Electric bonds and purchase \$69,657.00 worth of securities in Centurylink, Inc. (“Centurylink”), a telecommunications company.

190. On November 28, 2012, RBC Adviser One placed a trade in Account 4127, sold \$123,000 worth of General Electric bonds, and purchased 1,800 shares of Centurylink, worth \$69,657.96, and 1,900 shares of Deutsche Bank Contingent Capital Trust, a taxable fixed income security, worth \$51,821.02.

191. After the purchase of Centurylink, telecommunications equities represented 27% of the value of Account 4127.

192. RBC Adviser One recorded the sale of the General Electric bonds as “solicited” and the Centurylink purchase as “unsolicited.”

193. RBC Adviser One earned a commission of \$1,700 on the November 28, 2012 transactions.

194. In April 2015, Frontier underwent a reverse split and approximately half the value of Frontier was transferred to Communication Sales & Leasing, Inc. (“Com S&L”).

195. After the Frontier reverse split, the value of all telecommunication-related securities in Account 4127 was approximately \$87,000.

196. The value of the telecommunication-related securities in Account 4127 trended downward over the next two years.

197. In February 2017, Com S&L was surrendered as a result of a name change to Uniti Group, Inc. (“Uniti”). Uniti maintained the same value as Com S&L after the transfer.

198. In July 2017, Frontier underwent a reverse split. At the time of the split, the value of the Frontier securities held by Investor Eleven was less than \$3,000.

199. In 2018, Investor Eleven transferred all securities from RBC to another brokerage firm and closed Account 4127.

200. On the recommendation of RBC Adviser One, Investor Eleven held all telecommunication-related securities since their purchase, including successor interests resulting from reverse splits.

201. The telecommunication-related securities RBC Adviser One purchased in Account 4127 have declined significantly in value since purchase.

202. In total, Investor Eleven incurred unrealized losses of \$68,328.85 from the telecommunications investments.

203. Since 2012, Investor Eleven’s investments in the telecommunication sector have routinely comprised between 25% and 30% of Account 4127.

204. RBC’s continued failures to enforce its own policies have unsuitably exposed Massachusetts investors to risk of loss.

205. On information and belief, other RBC registered representatives have over-concentrated the assets of Massachusetts investors in single sectors.

VII. VIOLATIONS OF LAW

Count I -- Cameron’s Violations of MASS. GEN. LAWS ch. 110A, § 204(a)(2)(G)

206. Section 204(a)(2)(G) of the Act provides:

The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate

action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:

(G) has engaged in any unethical or dishonest conduct or practices in the securities, commodities or insurance business.

MASS. GEN. LAWS ch. 110A, § 204(a)(2)(G).

207. The conduct of Respondent Cameron, as described in Section VI above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 204(a)(2)(G).

Count II -- RBC's Violations of MASS. GEN. LAWS ch. 110A, § 204(a)(2)(G)

208. Section 204(a)(2)(G) of the Act provides:

The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:

(G) has engaged in any unethical or dishonest conduct or practices in the securities, commodities or insurance business.

MASS. GEN. LAWS ch. 110A, § 204(a)(2)(G).

209. The conduct of Respondent RBC, as described in Section VI above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 204(a)(2)(G).

Count III -- RBC's Violations of MASS. GEN. LAWS ch. 110A, § 204(a)(2)(J)

210. Section 204(a)(2)(J) of the Act provides:

The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:

(J) has failed reasonably to supervise agents, investment adviser representatives or other employees to assure compliance with this chapter.

MASS. GEN. LAWS ch. 110A, § 204(a)(2)(J).

211. The conduct of Respondent RBC, as described in Section VI above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 204(a)(2)(J).

VIII. STATUTORY BASIS FOR RELIEF

Section 407A of the Act provides:

(a) If the secretary determines, after notice and opportunity for hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take such affirmative action, including the imposition of an administrative fine, the issuance of an order for an accounting, disgorgement or rescission or any other such relief as in his judgment may be necessary to carry out the purposes of [the Act].

MASS. GEN. LAWS ch. 110A, § 407A.

IX. PUBLIC INTEREST

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors for the Director to enter an order finding that such “action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of this chapter [MASS. GEN. LAWS ch. 110A].”

X. RELIEF REQUESTED

The Enforcement Section of the Division requests that an order be entered:

- A. Finding as fact all allegations set forth in Section VI, inclusive of the Complaint;
- B. Finding that all the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors;

- C. Requiring Respondents to permanently cease and desist from further conduct in violation of the Act and Regulations;
- D. Censuring Respondents;
- E. Requiring Respondent RBC to review its supervisory procedures to ensure compliance with applicable state and federal securities laws;
- F. Requiring Respondent RBC to engage an independent compliance consultant to review and establish written policies and procedures related to overconcentration and as guided by the allegations contained in this Complaint;
- G. Requiring Respondent RBC to conduct a review of all customer accounts serviced by its agent, Respondent Cameron, during the Relevant Time Period;
- H. Requiring Respondents to provide a verified accounting of all proceeds which were received as a result of the alleged wrongdoing;
- I. Requiring Respondents to pay restitution to fairly compensate investors for all losses attributable to the alleged wrongdoing;
- J. Requiring Respondents to disgorge all profits and direct or indirect compensation and remuneration received in connection with the alleged wrongdoing;
- K. Suspending Respondent Cameron's registration as a broker-dealer agent in Massachusetts;
- L. Imposing an administrative fine on Respondents in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and

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M. Taking any such further action which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

**MASSACHUSETTS SECURITIES DIVISION
ENFORCEMENT SECTION**

By and through its attorneys,

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