



April 8, 2019

Client Name  
Street Address  
City, State, Zip Code

Re: Notice of SEC Order Issued to Sorrento Pacific Financial, LLC

Dear Advisory Client:

You are receiving this letter as you are considered an affected advisory client as defined in the Security and Exchange Commission's ("SEC") Share Class Selection Disclosure ("SCSD") Initiative. Sorrento Pacific Financial, LLC ("SPF") is the investment adviser and broker-dealer that provides investment services to customers of your bank.

On February 12, 2018, the SEC launched the SCSD Initiative providing investment advisers the opportunity to self-report occurrences where the investment adviser failed to make required disclosures relating to its selection of mutual fund share classes within advisory accounts that paid 12b-1 fees when a lower-cost share class of the same mutual fund was available to you. A 12b-1 fee is a recurring fee deducted from a mutual fund's assets for marketing expenses. SPF failed to properly disclose the conflict of interest and thus participated in the SCSD Initiative. Please note that all 12b-1 fees received by SPF from advisory accounts were retained by SPF; your investment advisory representative received none of these fees.

In self-reporting, the SEC found that at times during the relevant period, defined as January 1, 2014 through March 31, 2018, SPF purchased, recommended or held for advisory client's mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes for the same funds for which the clients were eligible. SPF also failed to disclose in its Form ADV or otherwise the conflicts of interest related to (a) its receipt of 12b-1 fees, and/or (b) its selection of mutual fund share classes that pay such fees. As a result of the aforementioned conduct, it was determined that SPF willfully violated sections 206(2) and 207 of the Advisers Act.

SPF submitted an Offer of Settlement which the SEC accepted on March 11, 2019 and issued an Order. SPF was ordered to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 207 of the Advisers Act. Further, SPF received a censure and shall pay disgorgement of \$44,656.84 and prejudgment interest of \$4,505.61 in total to affected clients and shall comply with the undertakings enumerated in the Offer of Settlement.

In view of the foregoing, the SEC deems it appropriate and in the public interest to impose the sanctions agreed to in SPF's Offer of Settlement. SPF self-reported to the SEC the violations discussed in this Order pursuant to the SCSD Initiative. Accordingly, the Order and SPF's Offer of Settlement are based on the information SPF self-reported.

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Affected clients, that equal or exceed the de minimis amount of \$10, when calculating 12b-1 fees and pre-judgment interest attributed to their advisory account(s), should expect a payment from SPF in the next several months. Affected clients under the de minimis amount will not receive a payment.

To access SPF's Order, you may view online at [SPFdisclosure.com](http://SPFdisclosure.com) or [sec.gov](http://sec.gov). If you have any questions regarding this matter, please contact your investment advisor representative or Sorrento Pacific Financial, LLC at [advisorycompliance@cusonet.com](mailto:advisorycompliance@cusonet.com) or 1-800-686-4724, Opt 2. Opt. 1.

Sincerely,

Sorrento Pacific Financial, LLC

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Non-deposit investment products and services are offered through Sorrento Pacific Financial, LLC ("SPF"), a registered broker-dealer (Member FINRA/SIPC) and SEC Registered Investment Advisor. Products offered through SPF: **are not FDIC or otherwise federally insured, are not a deposit or guarantee of the bank, and may involve investment risk including possible loss of principal.** Investment Representatives are registered through SPF. The bank has contracted with SPF to make non-deposit investment products and services available to bank clients