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IN THE MATTER OF THE AGENT AND
THE INVESTMENT ADVISER
REPRESENTATIVE REGISTRATION OF
MICHAEL WITT

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Order No. REG21-CAF-03

TO: Michael Witt (CRD No. 4206075)
1203 Andrew Court
Lewisville, TX 75056

DISCIPLINARY ORDER

Be it remembered that Michael Witt ("Respondent"), appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and the Findings of Fact and the Conclusions of Law contained herein.

OVERVIEW

From May 2016 through November 2020, while registered as an agent and investment adviser representative of Morgan Stanley Smith Barney LLC, Respondent participated in a sun-setting program wherein Respondent agreed to service certain client accounts which were previously serviced by former advisers of the firm. This program called for the Respondent and the former adviser to each receive a portion of the transaction revenue. But in connection with the entry of multiple trades in these accounts, Respondent entered the incorrect production number, which resulted in Respondent receiving 100% of the trade revenue rather than the percentage amount identified in the agreement with the firm and former adviser. As a condition of the granting of his registration, Respondent has consented to a thirty-day suspension of his license, a six-month probation, and to contribute thirty thousand dollars (\$30,000) to the Investor Education Fund of the Investor Protection Trust of Texas.

FINDINGS OF FACT

1. Respondent has waived (a) Respondent's rights to notice and hearing in this matter; (b) Respondent's rights to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-45 (West, Westlaw through 2019 R. Sess.) ("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001 to 2001.902 (West, Westlaw through 2019 R. Sess.).
2. On January 15, 2021, Respondent applied for registration with the Securities Commissioner as an agent and an investment adviser representative of Ameriprise Financial Services, LLC (the "Current Firm"). This application is currently pending.
3. On January 7, 2021, Respondent was discharged from Morgan Stanley Smith Barney, LLC (the "Former Firm"). At the time, the Former Firm stated on Respondent's Form U5, that Respondent was discharged for "concerns that he submitted transactions under production numbers that were inconsistent with agreements with other representatives resulting in a shortfall of revenue credited to other representatives."
4. In connection with Respondent's application for registration with the Current Firm, the staff of the Texas State Securities Board (the "Staff") conducted a review into the allegations related to Respondent's termination from the Former Firm.

The Former Adviser Program

5. The Former Firm maintains a program which provides for the orderly transition and servicing of eligible client accounts following the retirement, death, or disability of a participating financial adviser (the "Former Adviser").
6. Agreements are negotiated whereby one or more full-time financial adviser(s) (the "Active Adviser(s)") agree to service certain client accounts associated with a Former Adviser at the time his/her employment terminates. And the Former Adviser and the Active Adviser(s) each receive a split of eligible revenue generated from these client relationships for a defined period of time following the Former Adviser's date of termination.
7. Client accounts that are subject to the former adviser program (the "FAP") are coded with a unique joint production number (the "FAP JPN"). Revenue associated with transactions coded with FAP JPN is subject to the agreed upon split of revenue between the Former Adviser and the Active Adviser(s).
8. On or about April 1, 2016, Respondent entered into an FAP agreement with Former Adviser, ("TM"). The agreement specified that Respondent would service

TM's client accounts and would split the revenue according to pre-determined percentages until March 31, 2021.

9. However, between May 2016 and October 2020, Respondent entered 31 trades under a production number assigned to Respondent only, rather than under the relevant FAP JPN associated with the account in which he was entering the trades.
10. As such, Respondent received credit for 100% of the revenue derived from these trades, rather than the 30% to 55% he was entitled to under the terms of the FAP agreement with TM.
11. Separately, on or about April 30, 2017, Respondent entered into another FAP agreement with another Former Adviser ("DN"). The agreement specified that Respondent would service DN's client accounts and would split the revenue according to pre-determined percentages until April 30, 2022.
12. Between April 2019 and November 2020, Respondent entered 237 trades under a production number assigned to Respondent only, rather than the FAP JPN associated with the account in which he was entering the trades.
13. As a result, Respondent received credit for 100% of the revenue derived from these trades, rather than the 74% to 80% he was entitled to under the FAP agreement with DN.

CONCLUSIONS OF LAW

1. Respondent's entry of 268 trades under a production number assigned to him solely when the respective trades should have utilized the FAP JPN constitutes an inequitable practice in connection with the sale of securities.
2. Pursuant to Section 14.A(3) of the Securities Act, the aforementioned inequitable practice constitutes a basis for the issuance of an order suspending Respondent's registrations with the Securities Commissioner and placing Respondent on probation.

TERMS OF PROBATION

1. Respondent agrees to not participate in any joint adviser programs wherein Respondent would share revenue with any former adviser of the Current Firm.
2. Respondent agrees to be subject to at least one unannounced review of the accounts of customers that are residents of Texas for which Respondent is listed as the investment adviser representative and/or agent of record.

3. Respondent agrees to ensure legal counsel of the Inspections and Compliance Division of the Texas State Securities Board ("Counsel") is provided a report detailing the Current Firm's findings of each unannounced review referenced in the previous paragraph, within thirty (30) days of the review.
4. Respondent agrees that Respondent will deliver to, or otherwise ensure delivery to Counsel, documentation of any written or oral complaint and report the initiation of any regulatory action in which Respondent's name appears within thirty (30) days of Respondent being notified of such complaint or regulatory action.

UNDERTAKING

1. Respondent undertakes and agrees to contribute thirty thousand dollars (\$30,000) within 45 (forty-five) days of this Order to be used for investor education efforts in Texas to the Investor Education Fund of the Investor Protection Trust, 1020 Nineteenth Street NW, Suite 890, Washington D.C., 20036-6123.

ORDER

1. It is therefore ORDERED that the registrations of Michael Witt as an agent and investment adviser representative of Ameriprise Financial Services, LLC with the Securities Commissioner are hereby GRANTED.
2. It is further ORDERED that the registrations of Michael Witt as an agent and investment adviser representative of Ameriprise Financial Services, LLC with the Securities Commissioner are hereby SUSPENDED for a period of thirty (30) days.
3. It is further ORDERED that Michael Witt is hereby PLACED ON PROBATION for a period of six (6) months.
4. It is further ORDERED that Michael Witt COMPLY with the terms of the Undertaking contained herein.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 29th
day of June, 2021.



TRAVIS J. ILES
Securities Commissioner

Respondent:



Michael Witt
Individually

Approved as to Form:



Clinton Edgar,
Deputy Securities Commissioner

Cristi R. Ochoa

Cristi Ramón Ochoa,
Attorney
Inspections and Compliance Division

Anne Blanton 6/24/2021

