

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

In the matter of

LDI FINANCIAL LLC

MAINE No. 15027

Respondent.

CONSENT ORDER

WHEREAS, state regulators from multiple jurisdictions, led by Nevada, Maine and

Trapp, conducted a coordinated investigation of LDI Financial LLC ("LDI") to determine

Commission alleges constitutes a violation of its duty to establish and maintain adequate

WPPREASL DI, has agreed to conduct both the global investigation on its website. South

Relevant Disciplinary History

6. On February 6, 2013, LPL entered into a Consent Order with the Commonwealth of Massachusetts regarding certain sales of non-traded REITs to Massachusetts residents (“MA Order”) during the time period of January 1, 2006 through February 6, 2013.

7. Subsequent to the MA Order, LPL began a review of its Sales Transactions involving non-traded REITs to residents of jurisdictions other than Massachusetts sold after

October 1, 2010.

8. On January 28, 2014, LPL entered into an Acceptance, Waiver and Consent Agreement (“AWC”) with the Financial Industry Regulatory Authority (“FINRA”) which

- a. the particular REIT's prospectus standards;
- b. a state's concentration limits (if applicable); or
- c. LPL's Alternative Investment Guidelines.

11. During the time period from and including January 1, 2008 through December 31, 2013, LPL processed over 2,000 transactions in various jurisdictions that were sold in excess of the REIT's prospectus standards, various state concentration limits or LPL's Alternative Investment Guidelines.

12. LPL's internal review of its non-traded REIT Sales Transactions identified the

date, amount of transaction, account number, product, client name, client age, state of residence at the time of the transaction, annual income, net worth, liquid net worth, total alternative investments, total non-traded REIT investments, and percentage of total alternative investments to the investor's liquid net worth.

13. Beginning in calendar year 2013, LPL began contacting certain states and identifying transactions that exceeded prospectus standards, state concentration limits or its own

II. CONCLUSIONS OF LAW

15. At all times relevant and pursuant to South Carolina law, I DI was required to

implement an adequate supervisory system regarding the sale of non-traded REITs that was
reasonably designed to achieve compliance with applicable securities laws and regulations

including applicable Financial Industry Regulatory Authority ("FINRA") rules. Further, pursuant
to applicable securities laws and regulations, including applicable FINRA rules, I DI was

2. LPL shall offer to remediate¹ losses for all non-traded REITs sold by LPL to LPL

_____ starting from and including January 1, 2008 through December 31, 2012, who were sold:

representative or representatives designated by the North American Securities Administrators Association ("NASAA") (the "NASAA Representative") confirms that the Claim Team is no

4. LPL or its designee shall send an offer of remediation to eligible South Carolina Investors with South Carolina Investor Sales Transactions ("Offer Letter"). Copies of the Offer Letters sent to eligible South Carolina Investors or, in the alternative, one copy of any master

and agreeing to offset any additional claims relating to identified transactions by the amount received by this Consent Order. In addition, South Carolina Investors who choose to accept the offer of remediation must agree to tender their existing shares in the non-traded REIT giving rise to the offer of remediation to LPL as its decision as a condition to receipt of payment.

LPL.² The offer of remediation shall be in the form of a credit to an existing LPL account or a check as elected by existing LPL clients or a check for former LPL clients.

5. All eligible South Carolina Investor Sales Transactions described above shall be given

Carolina Sales Transactions that (a) violated REIT prospectus standards, (b) violated LPL's own guidelines for the sale of Alternative Investments, or (c) which were processed in a manner inconsistent with LPL's policies and procedures, including LPL's Compliance Manual and Written Supervisory Procedures. The South Carolina Investor Sales Transactions identified by the third party shall be sent the Deputy Securities Commissioner no later than fifteen (15) days after the independent third party finalized the report. This provision and the use of an independent third party does not relieve LPL of its obligations under Paragraph 2 of this Order.

14. LPL shall cause its Internal Audit department to confirm that the data provided to the third party is the most complete data set available reflecting executed non-traded REIT Sales

