

FA Accused of \$9.3M Annuity Scheme Fined \$150K

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A Massachusetts federal judge approved a \$150,000 civil penalty against advisor Jeffrey Cutter and his firm Cutter Financial Group for failing to disclose significant commissions and fees on annuity transactions, despite the SEC's request for a \$1 million fine. The judge's order followed a jury finding of negligence, but not intentional or reckless misconduct, reflecting a much lower sanction than the SEC sought for the alleged multimillion-dollar violations of the Investment Advisers Act. The ruling highlights a thoughtful judicial attempt to honor the nuanced findings of the jury rather than simply granting the maximum penalty sought.

Jeff Kern, leader of Sheppard Mullin's Securities Enforcement and Litigation industry team, spoke to *Financial Advisor* about the decision. "Casper's approach speaks well of her. It makes sense to me that the SEC would ask for as much as they can, even in the face of the jury's compromise verdict, and that the judge would try to fashion a final order that in a real sense accounted for the jury's split verdict."

[Read the article here.](#)

Attorneys

Jeff Kern

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