



STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

RICK SNYDER
GOVERNOR

SHELLY EDGERTON
DIRECTOR

In the matters of:

JASON K. BESCOE
CRD No. 2603245

Docket No. 18-003570
Complaint No. 333415

and

RESEARCH MONEY MANAGEMENT, LLC
CRD/IARD No. 141298

Docket No. 18-003571
Complaint No. 333724

Respondents.

FINAL ORDER

1. These matters came before the Department of Licensing and Regulatory Affairs under the Michigan Uniform Securities Act (2002), 2008 PA 551, as amended, MCL 451.2101 *et seq.* (the "Act").
2. The Director of the Corporations, Securities & Commercial Licensing Bureau, who is the Administrator of the Act (the "Administrator"), received the Orders Withdrawing Request for Hearing and Admitting Allegations, dated June 7, 2018, in accordance with MCL 451.2412, MCL 451.2604, and the Administrative Procedures Act, MCL 24.201 *et seq.* The Administrator considered the admissions made by Jason K. Bescoe on the record during a formal hearing held on April 17, 2018 and accepted by Administrative Law Judge Stephen B. Goldstein in the Orders Withdrawing Request for Hearing and Admitting Allegations, as well as the entire administrative record.
3. The factual allegations contained in the October 10, 2017 Notices and Orders to Cease and Desist, Notice of Intent to Revoke Investment Adviser Representative Registration, Notice of Intent to Revoke Investment Adviser Registration, Order Summarily Suspending Investment Adviser Representative Registration, and Order Summarily Suspending Investment Adviser Registration issued against Respondents ("Notices and Orders") are incorporated by reference.
4. On April 17, 2018, during the formal hearing, Jason K. Bescoe admitted on the record to all of the violations of the Act contained in the above mentioned

Notices and Orders on his own behalf and on behalf of Research Money Management, LLC.

THEREFORE, IT IS ORDERED:

1. Respondent Jason K. Bescoe's Investment Adviser Representative Registration and Respondent Research Money Management, LLC's Investment Adviser Registration are revoked on the mailing date of this Final Order, as authorized by MCL 451.2412(2), (4)(a), (4)(b), (4)(l), & (4)(m).
2. No fines are imposed.

This Final Order resolves and finalizes all orders previously issued and entered in these matters and is effective immediately upon its mailing.

Given under my hand at Okemos, Michigan, this 14th day of June, 2018.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

By: 
Julia Dale, Administrator and
Corporations, Securities & Commercial Licensing Bureau Director

Date mailed: June 19, 2018

**STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU**

In the matter of:

Agency No. 333724

RESEARCH MONEY MANAGEMENT, LLC
CRD/IARD# 141298

Respondent.

_____ /

Issued and entered
This 10th day of October, 2017

NOTICE AND ORDER TO CEASE AND DESIST

Julia Dale, the Director of the Corporations, Securities & Commercial Licensing Bureau (the "Administrator"), pursuant to her statutory authority and responsibility to administer and enforce the Michigan Uniform Securities Act (2002), 2008 PA 551, as amended, MCL 451.2101 *et seq* ("Securities Act"), hereby orders Research Money Management, LLC ("Respondent") to cease and desist from unlawfully taking custody of client funds, from engaging in an act, practice, or course of business that would operate as a fraud or deceit upon another person in the provision of investment advice, and from filing false information with the Administrator, contrary to the Securities Act. Respondent is notified of the opportunity to request a hearing in this matter.

I. BACKGROUND

A. The Respondent

1. Research Money Management, LLC (CRD/IARD#141298) ("Respondent"), is a Michigan-registered investment adviser firm owned and operated by Jason K. Bescoe (CRD#2603245) ("Bescoe"), a registered investment adviser representative of the firm. Bescoe has been conditionally registered as an investment adviser representative through Respondent since on or around April 19, 2016. (Exhibit 1 – Conditional Registration Order).
2. Respondent's investment adviser registration and Bescoe's investment adviser representative registration were suspended on or around August 8, 2017 for

failing to submit a quarterly report required by Bescoe's conditional registration order. (Exhibit 2 – RMM Summary Suspension Order).

B. Findings of Fact

1. The Bureau conducted an investigation of Respondent's Activities, discussed in further detail below.

Michigan Clients KC and RC

2. The investigation developed evidence that on or around June 12, 2017 or June 13, 2017, Respondent, through Bescoe, convinced two of its investment advisory clients, Michigan investors KC and RC, to wire transfer approximately \$300,000.00 to an account at Pershing Investor Services, LLC. (Exhibit 3 – 6/12/17 Bescoe Email and Transfer Form). Bescoe prepared the transfer forms for signature, and told KC and RC that the transfer was being effected because Pershing Investor Services, LLC had a better platform for stock and options trading than Trade-PMR, Inc., the broker-dealer which was being utilized at the time. (Exhibit 3). Bescoe provided the investment advice through Respondent.
3. Pershing, Inc. is a large and well-known broker-dealer firm in the United States. Pershing Investor Services, LLC – the entity to which KC and RC's funds were transferred on or around June 13, 2017 – has no affiliation with Pershing, Inc. (Exhibit 4 – Correspondence from Pershing, Inc.), and was actually a New Mexico limited liability company that had been organized on or around June 6, 2017. (Exhibit 5 – Pershing Investor Services, LLC). Pershing Investor Services, LLC is not registered in any capacity pursuant to the Securities Act.
4. KC and RC's funds were transferred to Banker's Bank of Kansas and deposited in an account for Pershing Investor Services, LLC, an entity with no relationship to Pershing, Inc., the registered broker-dealer.
5. In or around July of 2017, KC and RC contacted Pershing, Inc. to check on the status of their account. Pershing, Inc. informed KC and RC that they had no accounts with Pershing, Inc.
6. On or around July 31, 2017, KC and RC emailed an attorney for Bescoe and requested that all accounts held with Respondent and Bescoe be transferred to a Merrill Lynch account immediately. (Exhibit 6 – RC Email). Respondent, through Bescoe, replied on or around August 2, 2017, and suggested that KC and RC not move their account. (Exhibit 7 – 8/2/17 Bescoe Email). Respondent, again through Bescoe, also stated in the August 2, 2017 email to RC and KC, "If

you need some more assurance on the location of the account, I can have you talk with the guy at the firm that holds the account.” (Exhibit 7).

7. Respondent, through Bescoe, followed the August 2, 2017 email up with an August 3, 2017 email to a “david.anderson@itcfundservices.com” with KC and RC copied on the email, wherein Respondent requested that David Anderson consider a mid-month distribution. (Exhibit 8 – 8/3/17 Bescoe Email). Internet domain registration records for “itcfundservices.com” show that the website registration was created the same day, August 3, 2017. (Exhibit 9 – GoDaddy.com Domain Registration Record).
8. Thereafter, Respondent and Bescoe complied with requests to return funds from Pershing Investor Services, LLC to KC and RC, and all other assets held at Trade-PMR and managed by Respondent were transferred to another broker-dealer.

Michigan Investor EL, Trustee of the RL Trust- Custody of Client Funds

9. The investigation developed evidence that Respondent and Bescoe acted in an investment advisory capacity for Michigan investor EL, trustee of the RL Trust. On or around February 16, 2017, \$150,000 was authorized to be transferred from the RL Trust Trade-PMR account managed by Respondent and Bescoe to a Merrill Lynch account in the name of JEA Capital Management, LLC. (Exhibit 10 – 2/16/17 Wire Transfer Authorization). On or around June 21, 2017, \$28,823.54 was authorized to be transferred from the RL Trust Trade-PMR account managed by Respondent and Bescoe to the same Merrill Lynch account in the name of JEA Capital Management, LLC (Exhibit 11 – 6/21/17 Wire Transfer Authorization).
10. The JEA Capital Management, LLC account at Merrill Lynch was opened by Bescoe, Respondent’s principal and owner, on or around April 16, 2008. (Exhibit 12 – JEA Capital Merrill Lynch Account Application). Bescoe identified himself as the President of the entity. (Exhibit 12). Business filings with the State of Florida identify Bescoe as the managing Member of JEA Capital Management, LLC (Exhibit 13 – Florida Business Filings).
11. Form D filings made with the United States Securities and Exchange Commission (“SEC”) on or around April 1, 2008 for JEA Growth Fund, LP identify JEA Capital Management, LLC as the general and/or managing partner of JEA Growth Fund, LP. (Exhibit 14 – JEA Growth Fund Form D). The April 1, 2008 Form D lists Bescoe as the “executive officer” of JEA Capital Management, LLC. Subsequent SEC filings on or around April 14, 2009 (Exhibit 15 – 4/14/09 Form D) and October 26, 2009 (Exhibit 16 – 10/26/09 Form D) by Bescoe disclose that JEA Growth Fund, LP first sold its securities on May 1, 2008 and disclosed its

total offering amount.¹ Bescoe has been operating JEA Growth Fund, LP and JEA Capital Management, LLC since at least April 1, 2008 to the present.

12. Respondent, through Bescoe's management authority over JEA Capital Management, LLC, had custody of the RL Trust's funds or securities. Respondent and Bescoe, in addition to failing to disclose that they have custody, have not identified how they are in compliance with Order No. 2011-009-M, the Sixth Transition Order Administering the Michigan Uniform Securities Act (2002), 2008 PA 551 ("Transition Order 6").

False and Misleading Filings to the Bureau

13. The Form U4 investment adviser representative application requires applicants for registration to disclose all outside business activities. Respondent made multiple U4 filings to the Bureau on Bescoe's behalf in which it failed to disclose JEA Growth Fund, LP or JEA Capital Management, LLC as one of Bescoe's outside business activities, making the filings false and misleading:

- a. September 30, 2010 U4, Item 13 (Exhibit 17);
- b. December 14, 2010 U4, Item 13 (Exhibit 18);
- c. July 1, 2013 U4, Item 13 (Exhibit 19);
- d. March 18, 2015 U4, Item 13 (Exhibit 20);
- e. May 10, 2016 U4, Item 13 (Exhibit 21);
- f. October 31, 2016 U4, Item 13 (Exhibit 22); and
- g. February 9, 2017 U4, Item 13 (Exhibit 23).

14. Respondent and Bescoe were required by the Conditional Registration Order (Exhibit 1) to file quarterly reports with the Bureau. The quarterly reports affirmatively asked if Respondent or Bescoe had custody of client funds or securities, and if so, in what capacity. (Exhibit 24 – Blank Conditional Registration Quarterly Report). Respondent and Bescoe filed multiple reports in which they failed to disclose that Respondent and Bescoe, through JEA Capital Management, LLC, took custody of client funds. (Exhibits 26 and 27). Respondent only disclosed that it directly deducted fees from client accounts, but failed to disclose other forms of custody repeatedly when affirmatively asked by the Bureau. (Exhibits 26 and 27). The filings were false and misleading.

15. Respondent, by Bescoe, filed a Form ADV Investment Adviser Registration update on or around February 9, 2017 which stated that neither it nor Bescoe had custody of client funds. (Exhibit 25 2/9/17 Form ADV, Item 9 & Signature

¹ The Bureau notes that Bescoe, Respondent's principal, described JEA Capital Management, LLC as an "omnibus account" to KC and RC, and not as a general partner to a separate investment fund that was not disclosed to the Bureau. (Exhibit 7).

Page). Respondent, through Bescoe, accepted custody of client funds by transferring RL Trust assets to JEA Capital Management, LLC just days later on February 16, 2017. (Exhibits 10 and 11). The filing is false and misleading, and to date has not been updated to make it accurate.

16. Respondent and Bescoe filed the mandatory quarterly report due April 26, 2017 (Exhibit 26 – 4/26/2017 Quarterly Report) and the mandatory quarterly report due July 26, 2017 (Exhibit 27 – 7/26/17 Quarterly Report) on or around August 16, 2017. Both late quarterly reports failed to disclose all of Bescoe’s other business activities, and both falsely state that Respondent, through Bescoe does not have custody of client funds or securities. Further, each quarterly report state that Bescoe’s Form U4 and Respondent’s Form ADV are accurate, which was false and misleading.

II. RELEVANT STATUTORY PROVISIONS

1. Section 406 of the Securities Act, MCL 451.2406, states in part:

- (1) A person shall register as a broker-dealer, agent, investment adviser, or investment adviser representative by filing an application and a consent to service of process complying with section 611 and paying the fee specified in section 410 and any reasonable fees charged by the designee of the administrator for processing the filing. Each application must contain both of the following:

- (a) The information or record required for the filing of a uniform application.

- (b) If requested by the administrator, any other financial or other information or record that the administrator determines is appropriate.

- (2) If the information or record contained in an application that is filed under subsection (1) is or becomes inaccurate or incomplete in any material respect, the registrant shall promptly file a correcting amendment...

2. Section 411(6) of the Securities Act, MCL 451.2411, states:

- (6) Subject to section 15(h) of the securities exchange act of 1934, 15 USC 78o, or section 222 of the investment advisers act of 1940, 15 USC 80b-18a, an agent shall not have custody of funds or securities of a customer except under the supervision of a broker-dealer and an investment adviser representative shall not have custody of funds or securities of a client except under the supervision of an investment adviser or federal covered investment

adviser. A rule or order under this act may prohibit, limit, or impose conditions on the custody of funds or securities of a customer by a broker-dealer and on the custody of securities or funds of a client by an investment adviser.

3. Order No. 2011-009-M, Transition Order 6, states in part:

7. An investment adviser is permitted to take and maintain custody of client funds and securities as long as the investment adviser meets the requirements of at least one of paragraphs (a), (b), or (c) below:

(a) The investment adviser (i) satisfies the requirements of Rule 206(4)-2 promulgated under the Advisers Act, 17 CFR 275.206(4)-2, such that the custody of client funds by the investment adviser would not be deemed a fraudulent, deceptive or manipulative act, practice or course of business under such rule if it were applicable to the investment adviser, or (ii) would otherwise not be precluded from taking and maintaining customer funds under federal law or regulations then in effect and applicable to federal covered investment advisers, if they were applied to the investment adviser; or

(b) The investment adviser provides advisory funds exclusively to “private funds,” as defined in section 402(a) of the Dodd-Frank Act, provided that the requirements of subparagraphs (i) and (ii) below are satisfied:

(i) The equity holders of such private fund are comprised exclusively of persons who are:

(A) “Qualified clients” as defined in Rule 205-3(d)(1) promulgated under the Advisers Act, 17 CFR 257.205-3(d)(1); or

(B) “Accredited investors” as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended; and

(ii) Custody of the funds or securities is maintained pursuant to the terms of one or more written agreements, which may include a limited partnership agreement, a limited liability company agreement or other similar organizational or operating agreements, between such adviser and its private fund clients; or

(c) the investment adviser is otherwise permitted by rule or order of the Administrator to take and maintain custody of client funds or securities and complies with such rule or order....

4. Section 502 of the Securities Act, MCL 451.2502, states in part:

(1) It is unlawful for a person that advises others for compensation, either directly or indirectly or through publications or writings, as to the value of securities or the advisability of investing in, purchasing, or selling securities, or that, for compensation and as part of a regular business, issues or promulgates analyses or reports relating to securities, to do any of the following:

- (a) Employ a device, scheme, or artifice to defraud another person.
- (b) Engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

5. Section 503(1) of the Securities Act, MCL 451.2503(1), states:

In a civil action or administrative proceeding under this act, a person claiming an exemption, exception, preemption, or exclusion has the burden to prove the applicability of the exemption, exception, preemption, or exclusions.

5. Section 505 of the Securities Act, MCL 451.2505, states:

A person shall not make or cause to be made, in a record that is used in an action or proceeding or filed under this act, a statement that, at the time and in the light of the circumstances under which it is made, is false or misleading in a material respect, or, in connection with the statement, omit to state a material fact necessary to make the statement made, in light of the circumstances under which it was made, not false or misleading.

III. CONCLUSIONS OF LAW

1. Respondent Research Money Management, LLC, through its principal Jason K. Bescoe, was under an obligation to file a correcting amendment to its Form ADV investment adviser registration application when the application became inaccurate or incomplete with regard to assertions made regarding custody of client funds and Jason K. Bescoe's other business activities, but it failed to do so, contrary to the Conditional Registration Order and section 406 of the Securities Act, MCL 451.2406.

Notice & Order to Cease & Desist
Research Money Management, LLC (CN 333724)
CRD#2603245

2. Respondent Research Money Management, LLC, through its principal Jason K. Bescoe, as a person who advised others for compensation on the advisability of investing in, purchasing, or selling securities, engaged in an act, practice, or course of business that operated as a fraud or deceit on RC and KC. Respondent, by Bescoe, represented that KC and RC's funds would be transferred to "Pershing" to obtain better services; instead, it caused the funds to be transferred to a wholly unrelated entity with a similar name which was not registered to provide the services promised. After RC and KC discovered their funds were not with Pershing, Inc. and requested that the funds be returned, Respondent, by Jason K. Bescoe, identified that the funds had gone to a different company, ITC Fund Services². Wire transfers show that the funds were deposited with Banker's Bank of Kansas in an account owned by Pershing Investor Services, LLC, and not with Pershing, Inc. or ITC Fund Services. Respondent's course of conduct operated as a fraud or deceit upon RC and KC, contrary to the Conditional Registration Order and section 502(1) of the Securities Act, MCL 451.2502(1).
3. Respondent Research Money Management, LLC, through its principal Jason K. Bescoe, accepted custody of client funds or securities when JEA Capital Management, LLC – an entity Bescoe controls – accepted funds or securities from the RL Trust, contrary to the Conditional Registration Order, Order No. 2011-009-M, the Sixth Transition Order Administering the Michigan Uniform Securities Act (2002), 2008 PA 551 ("Transition Order 6"), and MCL 451.2411(6).
4. Respondent Research Money Management, LLC, through its principal Jason K. Bescoe, repeatedly made or caused to be made false statements to the Bureau, contrary to the Conditional Registration Order and section 505 of the Securities Act, MCL 451.2505, as follows:
 - a. Respondent Research Money Management, LLC filed or caused to be filed a Form U4 Investment Adviser Representative Registration Application for Jason K. Bescoe that disclosed certain other business activities, such as a golf course, but failed to disclose JEA Growth Fund, LP and JEA Capital Management, LLC on seven different occasions. Those filings were false or misleading, contrary to the Conditional Registration Order and section 505 of the Securities Act, MCL 451.2505;
 - b. Respondent, by its principal Jason K. Bescoe, filed or caused to be filed a Form ADV Investment Adviser Registration Application which stated that neither it nor Bescoe had custody of client funds or securities, when in fact

² The Bureau again notes that the web domain was created the very day Respondent made the assertion to RC and KC that the funds were located there.

Respondent, through Bescoe, did accept custody of client funds or securities. The Form ADV filing stating that Respondent did not have custody was false or misleading, contrary to the Conditional Registration Order and section 505 of the Securities Act, MCL 451.2505;

- c. Respondent Research Money Management, LLC, through its principal Jason K. Bescoe filed or caused to be filed Quarterly Reports on or around August 16, 2017 which stated, among other things:
 - i. that neither Respondent nor Bescoe had custody of client funds, when both did have custody, which was false and misleading, contrary to the Conditional Registration Order and section 505 of the Securities Act, MCL 451.2505;
 - ii. that Bescoe's U4 was accurate and current, when in fact the U4 failed to disclose all of Bescoe's other business activities, which was false and misleading, contrary to the Conditional Registration Order and section 505 of the Securities Act, MCL 451.2505; and
 - iii. that Respondent's Form ADV Part 2B brochure supplement for Jason K. Bescoe was current and accurate, when in fact it failed to disclose all Bescoe's other business activities, which was false and misleading, contrary to the Conditional Registration Order and section 505 of the Securities Act, MCL 451.2505.

IV. ORDER

IT IS THEREFORE ORDERED, pursuant to section 604 of the Securities Act, MCL 451.2604, that:

- A. Respondent shall immediately CEASE AND DESIST from unlawfully taking custody of client funds, from engaging in an act, practice, or course of business that would operate as a fraud or deceit upon another person in the provision of investment advice, and from filing false information with the Administrator, contrary to the Conditional Registration Order and the Securities Act.
- B. Pursuant to section 604(2) of the Securities Act, this Notice and Order to Cease and Desist is IMMEDIATELY EFFECTIVE.
- C. In her Final Order, the Administrator, under section 604(4) of the Securities Act, MCL 451.2604(4), intends to impose a civil fine of \$500,000.00 against Respondent.

Notice & Order to Cease & Desist
Research Money Management, LLC (CN 333724)
CRD#2603245

- D. Pursuant to section 508 of the Securities Act, MCL 451.2508, a person that willfully violates the Securities Act, or an order issued under the Securities Act, is guilty of a felony punishable by imprisonment for not more than 10 years or a fine of not more than \$500,000.00 for each violation, or both. An individual convicted of violating a rule or order under this act may be fined, but shall not be imprisoned, if the individual did not have knowledge of the rule or order.

V. NOTICE OF OPPORTUNITY FOR HEARING

Section 604 of the Securities Act, MCL 451.2604, provides that Respondent has 30 days beginning with the first day after the date of service of this Notice and Order to Cease and Desist to submit a written request to the Administrator asking that this matter be scheduled for a hearing. If the Administrator receives a written request in a timely manner, the Administrator shall schedule a hearing within 15 days after receipt of the request. The written request for a hearing must be addressed to:

Corporations, Securities & Commercial Licensing Bureau
Regulatory Compliance Division
P.O. Box 30018
Lansing, MI 48909

VI. ORDER FINAL ABSENT HEARING REQUEST

- A. Under section 604 of the Securities Act, MCL 451.2604, the Respondent's failure to submit a written request for a hearing to the Administrator within 30 days after the service date of this **NOTICE AND ORDER TO CEASE AND DESIST** shall result in this order becoming a **FINAL ORDER** by operation of law. The **FINAL ORDER** includes the imposition of the fines cited described in section IV.C., and the fine amounts set forth below will become due and payable to the Administrator within sixty (60) days after the date this order becomes final:

\$500,000.00 – Research Money Management, LLC, under
section 604 of the Securities Act, MCL 451.2604.

- B. CIVIL FINE payments should be payable to the STATE OF MICHIGAN and contain identifying information (e.g., names and complaint numbers) and mailed to the following address:

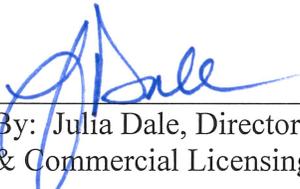
Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring
P.O. Box 30018
Lansing, MI 48909

Notice & Order to Cease & Desist
Research Money Management, LLC (CN 333724)
CRD#2603245

- C. Failure to comply with the terms of this Order within the time frames specified may result in additional administrative penalties, including the summary suspension or continued suspension of all registrations held by Respondent under the Securities Act, the denial of any registration renewal, and/or the denial of any future applications for registration, until full compliance is made. Respondent may voluntarily surrender or withdraw a registration under the Securities Act; however, the surrender or withdrawal will not negate the summary suspension or continued suspension of the relevant registrations or any additional administrative proceedings if a violation of this Order or the Securities Act occurred.

- D. Failure to pay the civil fines within six (6) months after this Order becomes final may result in the referral of the civil fines to the Michigan Department of Treasury for collection action against Respondents.

CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU



By: Julia Dale, Director, Corporations, Securities
& Commercial Licensing Bureau



Date

**STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU**

In the matter of:

Agency No. 333724

RESEARCH MONEY MANAGEMENT, LLC
CRD# 141298

Respondent.

_____ /

Issued and entered
This 10th day of October, 2017

**ORDER SUMMARILY SUSPENDING
INVESTMENT ADVISER REGISTRATION**

I. RELEVANT FACTS AND APPLICABLE LAW.

Relevant information and statutory provisions, under the Michigan Uniform Securities Act (2002) (the "Securities Act"), 2008 PA 551, as amended, MCL 451.2101 *et seq.*

1. Research Money Management, LLC (CRD#141298) ("Respondent") is a Michigan-registered investment adviser firm which is owned by Jason K. Bescoe ("Bescoe"), a conditionally-registered investment adviser representative of Respondent.
2. Bescoe has been conditionally registered as an investment adviser representative through Respondent since on or around April 19, 2016, when Bescoe, Respondent and the Director of the Corporations, Securities, and Commercial Licensing Bureau ("the Bureau"), who is the Administrator of the Securities Act ("Administrator"), agreed to a Stipulation and Order Approving Conditional Registration ("Conditional Registration Order"). (Exhibit 1 – Conditional Registration Order).
3. Respondent's registration was summarily suspended on or around August 8, 2017. (Exhibit 2 – August 8, 2017 Summary Suspension Order).
4. Subsequent to the issuance of the August 8, 2017 Summary Suspension Order, the Bureau conducted an investigation into Respondent's conduct under the Securities Act. The investigation led to the issuance of a Notice and Order to Cease and Desist (Exhibit 3 – Research Money Management C&D Order) and a Notice of Intent to Revoke Investment Adviser Registration (Exhibit 4 – Research Money Management NOI to Revoke). These administrative actions are issued concurrent with this Order Summarily Suspending Investment Adviser Registration.

5. Section 412(6) of the Securities Act, MCL 451.2412(6), allows the Administrator to summarily suspend a registration pending the outcome of an administrative proceeding.

II. ORDER.

The Administrator finds that this ORDER is authorized, appropriate, and in the public interest based on the above-cited facts and law, and orders as follows:

1. The Order Summarily Suspending Investment Adviser Registration issued to Research Money Management, LLC on or around August 8, 2017 is hereby dissolved and replaced by this Order Summarily Suspending Investment Adviser Registration.
2. In accordance with sections 412(2) and 412(6) of the Securities Act, MCL 451.2412(2), and (6), and paragraph B.19 of the Conditional Registration Order, the investment adviser registration of Research Money Management is summarily suspended pending the outcomes of the Administrative proceedings initiated by the Notice and Order to Cease and Desist attached as Exhibit 3 and the Notice of Intent to Revoke Investment Adviser Registration attached as Exhibit 4; or, until the Administrator otherwise lifts this summary suspension by order.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES, AND COMMERCIAL LICENSING BUREAU

By: 

Julia Dale, Administrator and Director
Corporations, Securities & Commercial Licensing Bureau

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the matter of:

Agency No. 333724

RESEARCH MONEY MANAGEMENT, LLC
CRD/IARD# 141298

Respondent.

_____ /

Issued and entered
This 10th day of October, 2017

NOTICE OF INTENT TO REVOKE
INVESTMENT ADVISER REGISTRATION

I. RELEVANT FACTS AND APPLICABLE LAW.

Relevant information and statutory provisions, under the Michigan Uniform Securities Act (2002), 2008 PA 551, as amended, MCL 451.2101 *et seq* (the "Securities Act"):

1. Research Money Management, LLC (CRD/IARD#141298) ("Respondent"), is a Michigan-registered investment adviser firm owned and operated by Jason K. Bescoe (CRD#2603245) ("Bescoe"), a registered investment adviser representative of the firm. Bescoe has been conditionally registered as an investment adviser representative through Respondent since on or around April 19, 2016. (Exhibit 1 – Conditional Registration Order). Respondent's investment adviser registration and Bescoe's investment adviser representative registration were suspended on or around August 8, 2017 for failing to submit a quarterly report required by Bescoe's conditional registration order. (Exhibit 2 – RMM Summary Suspension Order).
2. The Corporations, Securities & Commercial Licensing Bureau ("the Bureau") within the Department of Licensing and Regulatory Affairs began an investigation of Respondent's activities in the securities industry.
3. The Bureau's investigation developed evidence that Respondent, on Bescoe's behalf, submitted multiple Form U4 Investment Adviser Representative Applications that were, as of their effective date, false and misleading with respect to material facts. Multiple Form U4 filings were made which excluded outside business activities on the following dates:
 - A. September 30, 2010 U4, Item 13 (Exhibit 3);
 - B. December 14, 2010 U4, Item 13 (Exhibit 4);
 - C. July 1, 2013 U4, Item 13 (Exhibit 5);

- D. March 18, 2015 U4, Item 13 (Exhibit 6);
- E. May 10, 2016 U4, Item 13 (Exhibit 7);
- F. October 31, 2016 U4, Item 13 (Exhibit 8); and
- G. February 9, 2017 U4, Item 13 (Exhibit 9).

4. The Bureau's investigation developed further evidence that Respondent, through its principal Bescoe, willfully failed to comply with the Securities Act and orders issued pursuant to the Securities Act in the following ways:
 - A. Respondent, through Bescoe's actions, took custody of client funds, contrary to section 411(6) of the Securities Act, MCL 451.2411(6), and Order No. 2011-009-M, Transition Order Six Administering the Michigan Uniform Securities Act. (For further detail, see Exhibit 10, paragraphs (I)(B)(9)(12) – RMM, LLC Cease and Desist Order).
 - B. Respondent, through Bescoe's actions, engaged in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person in connection with providing investment advice, contrary to section 502(1) of the Securities Act, MCL 451.2502. (For further detail, see Exhibit 10, paragraphs (I)(B)(2)-(8)).
 - C. Respondent, through Bescoe's actions, made statements to the Administrator that at the time and in the light of the circumstances under which they were made, were false and misleading in a material respect, contrary to section 505 of the Securities Act, MCL 451.2505. (For further detail, see Exhibit 10, paragraphs (I)(B)(13)-(16)).
5. Respondent is the subject of a Notice and Order to Cease and Desist which was issued to Respondent for the violations of the Securities Act and orders issued pursuant to the Securities Act, as outlined in paragraph 4 above, and Exhibit 10 of this Notice of Intent to Revoke Investment Adviser Registration. (Exhibit 10).
6. Respondent, through its principal Bescoe, engaged in dishonest or unethical practices in the securities business within the previous ten years by:
 - A. unlawfully taking custody of client funds and securities (Exhibit 10, paragraphs (I)(B)(9)-(12));
 - B. convincing investment advisory clients to transfer funds to an entity not registered to perform the services Respondent represented to the clients that it would, and then attempting to convince the clients not to move the funds after they discovered they had been misled (Exhibit 10, paragraphs (I)(B)(2)-(8)); and
 - C. making false statements in filings with the Bureau repeatedly, including in Bescoe's Form U4, in quarterly compliance reports, and in the Form ADV

submitted on its behalf by Jason K. Bescoe (Exhibit 10, paragraphs (I)(B)(13)-(16)).

7. The Director (“Administrator”) of the Bureau has reviewed materials relating to Respondent’s actions as a registrant under the Securities Act. The Administrator has determined that it is authorized, appropriate, and in the public interest to revoke Respondent’s investment adviser registration based upon Respondent’s conduct discussed above and hereafter.

8. Section 412(2) of the Securities Act, MCL 451.2412(2), states in relevant part:

If the administrator finds that the order is in the public interest and subsection (4) authorizes the action, an order under this act may revoke, suspend, condition, or limit the registration of a registrant and if the registrant is a broker-dealer or investment adviser, of a partner, officer, director, or a person having a similar status or performing similar functions, or a person directly or indirectly in control of the broker-dealer or investment adviser...

9. Section 412(3) of the Securities Act, MCL 451.2412(3), states:

If the administrator finds that the order is in the public interest and subsection (4)(a) to (f), (i) to (j), or (l) to (n) authorizes the action, an order under this act may censure, impose a bar, or impose a civil fine in an amount not to exceed a maximum of \$10,000.00 for a single violation or \$500,000.00 for more than 1 violation on a registrant...

10. Section 412(4) of the Securities Act, MCL 451.2412(4) states in relevant part:

(4) A person may be disciplined under subsections (1) to (3) if any of the following apply to the person:

(a) The person filed an application for registration in this state under this act or the predecessor act within the previous 10 years, which, as of the effective date of registration or as of any date after filing in the case of an order denying effectiveness, was incomplete in any material respect or contained a statement that, in light of the circumstances under which it was made, was false or misleading with respect to a material fact.

(b) The person willfully violated or willfully failed to comply with this act or the predecessor act or a rule adopted or order issued under this act or the predecessor act within the previous 10 years.

(l) The person is the subject of a cease and desist order issued by the securities and exchange commission or issued under the securities, commodities, investment, franchise, banking, finance, or insurance laws of a state.

(m) The person has engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous 10 years...

11. Section 412(7) of the Securities Act, MCL 451.2412(7), states:

(7) Except under subsection (6), an order shall not be issued under this section unless all of the following have occurred:

- (a) Appropriate notice has been given to the applicant or registrant.
- (b) Opportunity for hearing has been given to the applicant or registrant.
- (c) Findings of fact and conclusions of law have been made on the record pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

12. The Administrator may revoke Respondent's investment adviser registration pursuant to section 412(2) of the Securities Act, MCL 451.2412(2), because it is in the public interest, and because:

- A. Respondent, on Jason K. Bescoe's behalf, filed an application for registration in this state which, as of its effective date, contained statements which were false or misleading with respect to a material fact by failing to fully disclose his other business activities, giving the Administrator cause to issue an order under Bescoe's conditional registration order, and under sections 412(2) and 412(4)(a) of the Securities Act, MCL 451.2412(2) and MCL 451.2412(4)(a).
- B. Respondent, through Jason K. Bescoe's actions, willfully violated or willfully failed to comply with the Securities Act and orders issued pursuant to the Securities Act within the previous 10 years by unlawfully taking custody of client funds; by engaging in an act, practice or course of business that was a fraud or deceit on another person in connection with the provision of investment advice; and by making false or misleading statements in written submissions to the Bureau, giving the Administrator cause to issue an order under Bescoe's conditional registration order, and under sections 412(2) and 412(4)(b), MCL 451.2412(2) and MCL 451.2412(4)(b).
- C. Respondent is subject to a cease and desist order issued under the securities laws of a state, giving the Administrator cause to issue an order under Bescoe's conditional registration order, and under sections 412(2) and 412(4)(l), MCL 451.2412(2) and MCL 451.2412(4)(l).

D. Respondent, through Jason K. Bescoe, engaged in dishonest or unethical behavior in the securities business within the previous 10 years by unlawfully taking custody of client funds; by engaging in an act, practice or course of business that was a fraud or deceit on another person in connection with the provision of investment advice; and by making false or misleading statements in written submissions to the Bureau, giving the Administrator cause to issue an order under Bescoe's conditional registration order, and under sections 412(2) and 412(4)(m) of the Securities Act, MCL 451.2412(2) and MCL 451.2412(4)(m).

II. ORDER.

The Administrator finds that this ORDER is authorized, appropriate, and in the public interest based on the above-cited facts and law.

IT IS ORDERED as follows:

1. The Administrator intends TO REVOKE THE INVESTMENT ADVISER REGISTRATION OF RESEARCH MONEY MANAGEMENT, LLC under section 412(2) of the Securities Act, MCL 451.2412(2), because it violated the terms of Bescoe's conditional registration order; because it filed a misleading application; because it willfully violated the Securities Act and orders issued pursuant to the Securities Act; because it is the subject of a cease and desist order issued by a state securities regulator; and because it has engaged in dishonest or unethical business practices in the securities industry within the previous 10 years, all of which support the revocation of its investment adviser registration under the above-cited provisions of the Michigan Uniform Securities Act (2002), 2008 PA 551, MCL 451.2101 *et seq.*
2. In her final order, the Administrator intends to impose a civil fine of \$500,000.00 against Respondent under section 412(3) of the Securities Act, MCL 451.2412(3).
3. In accordance with sections 412(2) and 412(7) of the Securities Act, MCL 451.2412(2) and MCL 451.2412(7): This is NOTICE that the Administrator intends to commence administrative proceedings to revoke Respondent's investment adviser registration, and that Respondent has thirty (30) days after the date that this Order is served on Respondent to respond in writing to the enclosed Notice of Opportunity to Show Compliance. If the Administrator timely receives a written request, depending upon the election, the Administrator shall either promptly schedule a compliance conference, or schedule a hearing within fifteen (15) days after receipt of the written request. If you fail to respond to this Notice and Order within the time frame specified, the Administrator shall schedule a hearing. If a hearing is requested or ordered, the Administrator, after notice of and an opportunity for hearing to Respondent, may modify or vacate this Order or extend the Order until final determination.

If Respondent requests a hearing, the request must be in writing and filed with the Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau, Regulatory Compliance Division, P.O. Box 30018, Lansing, MI 48909.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

By:



Julia Dale, Administrator and Director
Corporations, Securities & Commercial Licensing Bureau