



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

SHELLY EDGERTON  
DIRECTOR

**Complaint No. 328570**

**MANAIA CAPITAL MANAGEMENT, INC.  
IARD #155333**

**and**

**Complaint No. 329346**

**ANTHONY G. MANAIA  
CRD #1506665**

**EXPENSE REIMBURSEMENT PAYMENT INSTRUCTIONS**

The FINE must be received by the Department on or before **JANUARY 5, 2018**. The EXPENSE REIMBURSEMENT PAYMENT must be paid by cashier's check or money order, with the Complaint No. clearly indicated on the check or money order, made payable to the State of Michigan, and sent to the address indicated below. Payment cannot be made by credit card.

Once the FINE has been overdue for at least six months, it will be referred to the Michigan Department of Treasury for collection. Questions may be directed to Final Order Monitoring staff at (517) 241-9180.

**To ensure the proper posting of the payment to your account, please mail the Expense Reimbursement Payment Processing Stub with your payment to:**

Michigan Department of Licensing and Regulatory Affairs  
**CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU**  
**Final Order Monitoring – Securities & Audit Division**  
P.O. Box 30018 – Lansing, MI 48909

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**EXPENSE REIMBURSEMENT PAYMENT PROCESSING STUB**

**Please return this with your payment.**

Make your check or money order drawn from a U.S. financial institution payable to the STATE OF MICHIGAN.  
Do not send cash. Payment cannot be made by credit card.

Agency C3 ACCOUNT Code  
10117

Complaint Nos.: 328570 and 329346

Due: JANUARY 5, 2018  
Total Amount Due: \$5,000.00

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

In the matter of:

Agency Nos. 328570 & 329346

Manaia Capital Management, Inc.  
IARD #155333

MAHS Docket No.: 17-007827

-and-

Anthony G. Manaia  
CRD #1506665,

Respondents.

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Issued and entered  
this 6th day of November, 2017

**ADMINISTRATIVE CONSENT AGREEMENT  
AND ORDER**

A. RELEVANT INFORMATION AND STATUTORY PROVISIONS, under the Michigan Uniform Securities Act (2002) ("Act"), 2008 PA 551, MCL 451.2101 *et seq.*:

1. On August 1, 2016, the Director of the Corporations, Securities & Commercial Licensing Bureau of the Michigan Department of Licensing and Regulatory Affairs (the "Department"), as the Administrator ("Administrator") of the Act, issued the following six (6) notices and orders against Respondents Manaia Capital Management, Inc. ("Manaia Capital") and Anthony G. Manaia ("Anthony Manaia"), referred to collectively as "Respondents":

- Manaia Capital, Agency No. 328570 – (a) Order Summarily Suspending Investment Adviser Registration; (b) Notice & Order to Cease and Desist; and (c) Notice of Intent to Revoke Investment Adviser Registration.

- Anthony Manaia, Agency No. 329346 – (a) Order Summarily Suspending Investment Adviser Representative Registration; (b) Notice and Order to Cease and Desist; and (c) Notice of Intent to Revoke Investment Adviser Representative Registration.

The six notices and orders identified above are referred to collectively as the “Disciplinary Orders & Notices.” Respondents and Department staff are referred to collectively as the “Parties.”

2. The Disciplinary Orders and Notices alleged that Respondents:

- a. Violated sections 406(2) and 505 of the Act, MCL 451.2406(2) and 451.2505, by failing to file accurate and complete updates to the CRD/IARD and filing false or misleading statements with the Department regarding a known, unsatisfied civil judgment entered against them on November 7, 2014 (the “2014 Judgment”); and
- b. Breached the terms of their Stipulation and Order Approving Conditional Registration and Resolving Notice and Order to Cease and Desist dated February 12, 2014 (the “Conditional Registration Order”), which Respondents entered to resolve an earlier Notice and Order to Cease and Desist issued against them on August 6, 2013 (the “2013 C&D Order”) involving other alleged violations of the Act (as identified in the 2013 C&D Order and Conditional Registration Order), by filing inaccurate reports/balance sheets required under the Conditional Registration Order that did not disclose the 2014 Judgment and neglecting to file any required reports/balance sheets after January 25, 2016.

3. Based on these alleged violations and breaches, the Disciplinary Orders & Notices, *inter alia*:

- a. Ordered Respondents to immediately cease and desist from violating the Act;
- b. Notified Respondents of the Administrator’s intention to impose a \$30,000 civil fine against Manaia Capital and a \$40,000 civil fine against Anthony Manaia under MCL 451.2604(4);
- c. Notified Respondents of the Administrator’s intention to revoke the investment adviser registration of Manaia Capital and the investment adviser representative registration of Anthony Manaia under MCL 451.2412(2); and

- d. Summarily suspended the investment adviser registration of Manaia Capital and the investment adviser representative registration of Anthony Manaia under MCL 451.2412(6).

4. Respondents timely requested an administrative hearing on the Disciplinary Orders & Notices, which was assigned to Administrative Law Judge David M. Cohen ("ALJ Cohen"), is entitled *Corporations, Securities & Commercial Licensing Bureau, Petition v Manaia Capital Management, Inc. and Anthony Manaia, Respondents*, Michigan Administrative Hearing System Docket Number 17-007827, and remains pending with a scheduled evidentiary hearing date of November 9, 2017 (the "Pending Administrative Hearing").

5. Following issuance of the Disciplinary Orders & Notices, the Parties engaged in ongoing discussions about the potential resolution of this matter. Respondents were represented by, and had the advice of, legal counsel throughout the process of resolving the Disciplinary Orders & Notices.

## B. AGREEMENT

The Parties agree to resolve the Disciplinary Orders & Notices pursuant to the following terms and conditions:

1. Within five (5) calendar days after the date this Administrative Consent Order is entered, Manaia Capital will withdraw its registration as an investment adviser in Michigan by submitting a Form ADV-W to the Investment Adviser Registration Depository ("IARD"), and Anthony Manaia will withdraw his registration as an investment adviser representative in Michigan by submitting a

Form U5 to the Central Registration Depository ("CRD"). On the date of filing, Respondents' counsel shall also e-mail an electronic copy of these forms to the Department's counsel at [KerrC2@michigan.gov](mailto:KerrC2@michigan.gov), and Respondents or their counsel shall mail a separate hard copy of these forms to the Department at the following address:

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

If Respondents fail to comply with the withdrawal requirements of this paragraph, the Administrator is entitled to and may automatically and summarily revoke Respondents' Michigan registrations under the Act, which will be effective upon notice given by the Administrator or her designee without any opportunity for hearing.

2. Respondents will not apply for Michigan registration under the Act in any capacity for a minimum period of two (2) years after the date this Administrative Consent Order is entered. If Respondents apply for Michigan registration under the Act in violation of this paragraph, the Administrator is entitled to and may automatically and summarily deny the application, which will be effective upon notice given by the Administrator or her designee without any opportunity for hearing.

3. Within sixty (60) calendar days after the date this Administrative Consent Order is entered, Respondents, jointly and severally, must pay to the

Department the amount of Five Thousand and 00/100 Dollars (\$5,000.00) as reimbursement for its monitoring, compliance, and enforcement expenses (the "Expense Reimbursement Payment"). The Expense Reimbursement Payment will be made via cashier's check or money order payable to the "State of Michigan," contain Respondents' identifying information (name and Agency Nos. 328570 & 329346), and be mailed to the address indicated in paragraph 1 above.

4. If any portion of the Expense Reimbursement Payment is overdue for at least six (6) months, the Administrator may refer it to the Michigan Department of Treasury for collection action against Respondents or take other appropriate actions to collect the Expense Reimbursement Payment.

5. Following entry of this Administrative Consent Order, the Department will update the CRD/IARD by filing a Form U6 reflecting that the Parties resolved the Disciplinary Orders & Notices pursuant to this Administrative Consent Order. In addition, this Administrative Consent Order is a public record required to be published and made available to the public, consistent with section 11 of the Michigan Freedom of Information Act, MCL 15.241. The Department currently publishes copies of orders issued under the Act to the Department's website.

6. Notwithstanding the potential application of MCL 451.2412(9), this Administrative Consent Order expressly preserves the Department's and Administrator's ability to rely on and assert, in any future proceeding under the Act, all activities, conduct, alleged Act violations, and alleged contractual breaches by

Respondents contained in or relating to: (a) the Disciplinary Orders & Notices; (b) the Conditional Registration Order; and (c) the 2013 C&D Order.

7. Respondents neither admit nor deny any wrongdoing in connection with this matter and consent to entry of this Administrative Consent Order only for the purpose of resolving the Disciplinary Orders & Notices in an expeditious fashion that avoids the time and expense associated with the Pending Administrative Hearing and any appeals therefrom. This Administrative Consent Order is admissible only in a proceeding to enforce its provisions or an administrative proceeding under the Act, but it is not admissible for any purpose in any other administrative, civil, or criminal proceeding.

8. For purposes only of the matters resolved by this Administrative Consent Order, and pursuant to Securities and Exchange Commission ("SEC") Rule 506(d)(2)(iii) of Regulation D, 17 CFR 230.506(d)(2)(iii), disqualification under SEC Rule 506(d)(1) of Regulation D, 17 CFR 230.506(d)(1), should not arise as a consequence of this Administrative Consent Order. However, this does not limit the potential application of SEC Rule 506(d)(1), 17 CFR 230.506(d)(1), in any other respect.

9. The Parties agree that within three (3) business days after the date this Administrative Consent Order is entered, their counsel will notify ALJ Cohen that this matter has been settled and take any action necessary to dismiss the Pending Administrative Hearing with prejudice.

10. Respondents agree to comply with any reasonable investigative demands made by the Department in the future for purposes of ensuring compliance with this Administrative Consent Order or the Act.

11. The Parties acknowledge and agree that the Administrator retains the right to pursue any action or proceeding permitted by law to enforce the provisions of this Administrative Consent Order.

12. Respondents acknowledge and agree that: (a) the Administrator has jurisdiction and authority to enter this Administrative Consent Order; (b) the Administrator may enter this Administrative Consent Order without any further notice to Respondents; and (c) upon entry of this Administrative Consent Order, it is final and binding, and Respondents waive any right to a hearing or appeal of this Administrative Consent Order and the Disciplinary Orders & Notices under the Act, the rules promulgated under the Act or the predecessor Act, the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.201 *et seq.*, or other applicable law.

13. The Parties agree that facsimile or electronically-transmitted signatures may be submitted in connection with this Order and are binding on that party to the same extent as an original signature.

[This space left intentionally blank; Signature Page and Order follow]



above terms and conditions.

Signed: \_\_\_\_\_

Anthony G. Manaia

Dated: \_\_\_\_\_

10/31/17

Manaia Capital Management, Inc.

By: \_\_\_\_\_

Anthony G. Manaia

Its: Owner and President

Dated: \_\_\_\_\_

10/31/17

Acknowledged and Reviewed by:

Signed: \_\_\_\_\_

Mark Kowalsky

Respondents' Attorney

Dated: \_\_\_\_\_

10/31/17

Approved by:

Signed: \_\_\_\_\_

Timothy L. Teague  
Securities & Audit Division Director  
Corporations, Securities & Commercial  
Licensing Bureau

Dated: \_\_\_\_\_

Through their signatures, Anthony Manaia and Manaia Capital agree to the above terms and conditions.

Signed: \_\_\_\_\_  
Anthony G. Manaia

Dated: \_\_\_\_\_

Manaia Capital Management, Inc.

By: \_\_\_\_\_  
Anthony G. Manaia  
Its: Owner and President

Dated: \_\_\_\_\_

Acknowledged and Reviewed by:

Signed: \_\_\_\_\_  
Mark Kowalsky  
Respondents' Attorney

Dated: \_\_\_\_\_

Approved by:

Signed: Timothy L. Teague  
Timothy L. Teague  
Securities & Audit Division Director  
Corporations, Securities & Commercial  
Licensing Bureau

Dated: 11.1.2017

C. ORDER

The Administrator NOW, THEREFORE, ORDERS:

THE TERMS AND CONDITIONS IN THE FOREGOING FULLY EXECUTED  
CONSENT AGREEMENT ARE INCORPORATED BY REFERENCE AND MADE  
BINDING AND EFFECTIVE THROUGH THIS CONSENT ORDER.

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:

Complaint No. 329346

ANTHONY G. MANAIA  
CRD#1506665

Respondent.

\_\_\_\_\_ /

This 1 day of <sup>Issued and entered</sup> August, 2016

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 Anthony G. Manaia ("Respondent") to cease and desist from failing to promptly file information updates regarding judgment liens to his investment adviser representative registration, and to cease and desist 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. Anthony G. Manaia (CRD#1506665) is an individual who resides in the State of Michigan.
2. Respondent has been registered pursuant to the Securities Act in some capacity through multiple firms since in or around 1986. Mr. Manaia is currently registered as an investment adviser representative and is associated with Manaia Capital Management, Inc. (IARD#155333), a Michigan-registered investment adviser firm. Respondent's registration is conditional

pursuant to a Stipulation and Order Approving Conditional Registration and Resolving Notice and Order to Cease and Desist, dated February 12, 2014 (Exhibit 1).

**B. Findings of Fact**

1. The Bureau conducted an investigation of Respondent's Activities.
2. On or around November 6, 2014, Respondent became subject to a civil judgment in favor of The Huntington National Bank in the amount of \$106,918.13; a lien was filed with the Oakland County Circuit Court on or around January 15, 2015. (Exhibit 2 – Notice of Judgment Lien).
3. Correspondence from Respondent dated December 1, 2014 and an affidavit dated December 20, 2014 were received for filing by the Oakland County Circuit Court on December 30, 2014. (Exhibit 3 – Respondent's Letter to Oakland County Circuit Court). The correspondence disputed the validity of the judgment, but nonetheless recognized the judgment's existence.
4. Respondent filed an update to his Form U4 investment adviser representative registration on or around August 24, 2015. (Exhibit 4 – August 24, 2015 Manaia Form U4 Excerpt, Question 14M). The application specifically asked if Respondent was subject to any unsatisfied judgments or liens, and Respondent answered in the negative. Respondent denied that he was the subject of any unsatisfied judgments or liens, notwithstanding the fact that he was or should have been aware<sup>1</sup> of an unsatisfied judgment or lien, as evidenced by his December 2014 correspondence to the Oakland County Circuit Court (Exhibit 3).
5. Respondent, after receiving an inquiry about the undisclosed judgment from the Bureau (Exhibit 5 – Bureau Correspondence to Respondent), subsequently filed another update to his Form U4 investment adviser representative registration on or around April 8, 2016 to disclose the unsatisfied judgment or lien (Exhibit 6 – April 8, 2016 Form U4 Excerpt). The registration information was inaccurate for over 17 months due to Respondent's failure to disclose the judgment or lien.
6. Respondent, through counsel, stated that he first learned of the judgment or lien when the Bureau inquired about it in March of 2016 (Exhibit 7 – Correspondence from Attorney Kowalsky), notwithstanding the fact that

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<sup>1</sup> Respondent's attorney also acknowledged that Respondent's bank account had been garnished by the judgment creditor, further undermining the assertion that he did not know he was subject to an unsatisfied judgment or lien. (Exhibit 7).

Respondent had submitted correspondence to the Oakland County Circuit Court acknowledging the judgment's existence in December 2014 (Exhibit 3).

7. Respondent was required by the Stipulation and Order Approving Conditional Registration (Exhibit 1, page 7, paragraph 22) to submit quarterly reports to the Bureau that included a balance sheet listing assets and liabilities. Respondent failed to disclose the judgment lien on his balance sheet in his latest quarterly filing on or around January 25, 2016 (Exhibit 8 – January 2016 Quarterly Report) even though his correspondence to the Oakland County Circuit Court indicates that he was aware of its existence at the time the report was filed.
8. Respondent, in the same quarterly report, represented that his Form U4 was accurate and current, which as discussed in paragraph I.B.4 herein, was not true at the time. (Exhibit 8). Respondent's representation that his Form U4 was accurate in the January 2016 quarterly report was false or misleading at the time the statement was made.

## **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 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 the light of the circumstances under which it was made, not false or misleading.

### **III. CONCLUSIONS OF LAW**

1. Respondent Anthony G. Manaia failed to promptly update his Form U4 investment adviser representative registration application to reflect a judgment or lien, contrary to section 406(2) of the Securities Act, MCL 451.2406(2). Manaia became subject to a judgment or lien on or around November 7, 2014, acknowledged the existence of the judgment or lien in a letter dated December 1, 2014, and then failed to disclose the judgment or lien on his Form U4 until April 8, 2016.
2. Respondent Anthony G. Manaia filed false or misleading information with the Bureau, in violation of section 505 of the Securities Act, MCL 451.2505, by engaging in the following activities:
  - a. Respondent Anthony G. submitted a required balance sheet with required quarterly reports that did not disclose an unsatisfied judgment or lien. The judgment or lien has existed since in or around November 2014; however, the most recent quarterly balance sheet filed in or around January 2016 did not disclose the unsatisfied judgment or lien.
  - b. Respondent Anthony G. Manaia submitted correspondence, through counsel, which identified that Respondent had not been aware of the judgment or lien until April of 2016, when in fact, Respondent had submitted correspondence to the court that issued the order in or around December 2014 that acknowledged the existence of the judgment, even if Respondent disputed the judgment's validity.
  - c. Respondent Anthony G. Manaia represented in a January 2016 quarterly report that his Form U4 investment adviser representative registration was accurate and current, which it was not, as is discussed in paragraph I.B.4 and I.B.8, herein.

#### 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 failing to update his Form U4 investment adviser representative registration application and from filing false information with the Bureau, contrary to 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 \$40,000.00 against Respondent.
- 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**

Notice & Order to Cease & Desist  
Anthony G. Manaia (CN 329346)  
CRD#1506665



**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:

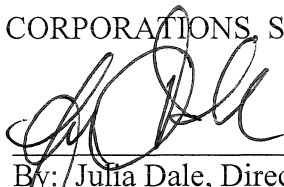
\$40,000.00 – Anthony G. Manaia, under section 604 of the Securities Act, MCL 451.2604.

- 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

- 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

8/1/10  
Date