



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

SHELLY EDGERTON
DIRECTOR

Agency Nos. 331055, 330797 & 331054

KENNETH E. PRATHER, JR.
CRD No. 4772423

and

PRATHER INVESTMENT MANAGEMENT, LLC
CRD/IARD No. 130947

and

NORTHERN STAR CAPITAL MANAGEMENT, LLC
CRD/IARD No. 173649

FINE PAYMENT INSTRUCTIONS

The FINE must be received by the Department on or before AUGUST 14, 2017. The FINE 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 Fine 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

FINE 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 No.: 331055, 330797, 331054 _____	Due: AUGUST 14, 2017 Total Amount Due: \$4,000.00
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STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the matters of:

KENNETH E. PRATHER, JR.
CRD No. 4772423

Agency No. 331055

and

PRATHER INVESTMENT MANAGEMENT, LLC
CRD/IARD No. 130947

Agency No. 330797

and

NORTHERN STAR CAPITAL MANAGEMENT, LLC
CRD/IARD No. 173649

Agency No. 331054

Respondents.

Issued and entered
This 14th day of June, 2017

STIPULATION AND ORDER APPROVING
INVESTMENT ADVISER REPRESENTATIVE AND INVESTMENT ADVISER FIRM
CONDITIONAL REGISTRATIONS

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

1. Respondent Kenneth E. Prather, Jr. ("Prather") has been registered as an investment adviser representative in Michigan since September 1, 2010, and is employed by and/or associated with Respondent Prather Investment Management, LLC ("PIM"). According to PIM's Form ADV, Prather is the sole managing member/owner and chief compliance officer of PIM. Prather is also one of two managing members of Respondent investment adviser Northern Star Capital Management, LLC ("Northern Star"). On April 4, 2017, Prather submitted an application with the Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau (the "Department") to register as an investment adviser representative associated with Northern Star.
2. PIM has been registered as an investment adviser in Michigan since in or around April 2004. Northern Star has been registered as an investment adviser in Michigan since in or around January 2015, but had no associated investment adviser representatives before the issuance of this Stipulation and Order.
3. The Director of the Department, as Administrator of the Act ("Administrator"), summarily suspended: (a) Prather's investment adviser representative registration; (b) PIM's

investment adviser firm registration: and (c) Northern Star's investment adviser firm registration, by separate orders dated March 3, 2017 (collectively, the "Summary Suspension Orders"), based upon multiple regulatory deficiencies identified during the Department's examinations of Northern Star and PIM in or around April 2016 and October 2016, respectively.

4. Prather is employed by and/or associated with Northern Star, and would begin working with Northern Star as a registered investment adviser representative of the firm (and resume acting as one of Northern Star's managing members) upon the lifting of their summary suspensions and conditional approval of their registrations. Prather also remains employed by and/or associated with PIM, and would resume working with PIM as a registered investment adviser representative of the firm (and as its sole managing member) upon the lifting of their summary suspensions and conditional approval of their registrations. According to its Form ADV Part 2, Northern Star assumed all of PIM's assets under management, existing infrastructure, and business portfolio combined with the investment advisory practices of Prather and of investment adviser representative John P. Jagger ("Jagger"), whose registration was also suspended on March 3, 2017 and is addressed in a separate Stipulation and Order.
5. On March 3, 2017, the Administrator also issued and entered separate notices of intent to revoke, suspend, condition, or limit: (a) Prather's investment adviser representative registration; (b) PIM's investment adviser firm registration: and (c) Northern Star's investment adviser firm registration (collectively, the "Notices of Intent"), based on their failure to correct the multiple deficiencies identified during the Department's examinations of PIM and Northern Star. The Summary Suspension Orders and Notices of Intent are referred to collectively hereafter as the "Disciplinary Orders and Notices." Prather, PIM, and/or Northern Star requested a compliance conference regarding the Notices of Intent, which led to discussions about resolution through this Stipulation and Order.
6. Northern Star's and PIM's principal office and place of business is located at, and Prather will be working at, the following address:

Prather Investment Management, LLC
Northern Star Capital Management, LLC
377 Fisher Road, Suite H
Grosse Pointe, Michigan 48230
Telephone: (313) 884-5961

7. Prather's, PIM's, and Northern Star's compliance reporting (detailed below) must be reviewed and certified, at their sole cost and expense, by an independent, third-party: (a) licensed certified public accountant with a securities background; (b) licensed attorney with a securities background; or (c) securities compliance consulting firm (the "Compliance Professional").

8. Prather, PIM, Northern Star, and the Department (collectively, the "Parties") acknowledge and agree that under Section 412 of the Act, MCL 451.2412, Prather's, PIM's, and Northern Star's disciplinary history provides grounds for the Administrator to take disciplinary action against their registrations as provided in the Disciplinary Orders & Notices.
9. Notwithstanding that bases exist for disciplinary action against Prather's, PIM's, and Northern Star's registrations, the Department and Administrator determined that: (a) protection of the investing public does not require further disciplinary action if Prather, PIM, and Northern Star agree to registration subject to the terms and conditions specified in this Stipulation and Order, including engaging the services of the required Compliance Professional; and (b) the conditional registration of Prather, PIM, and Northern Star under this Stipulation and Order is authorized by law and otherwise reasonable, appropriate, and in the public interest.

B. STIPULATION

In consideration of the foregoing facts and the following mutually agreed upon promises and covenants and other good and valuable consideration, the adequacy and sufficiency of which the Parties hereby expressly acknowledge, the Parties agree to this Stipulation enabling the Administrator to conditionally register Prather as an investment adviser representative and PIM and Northern Star as investment adviser firms, subject to their compliance with the following conditions and additional terms agreed to by the Parties below:

Reduced Civil Fine under Disciplinary Orders & Notices, Updating the CRD/IARD, and Terminating Jagger's Association with PIM

1. Prather, PIM, and Northern Star, jointly and severally, agree to pay the Department a reduced civil fine from the fines imposed in the Disciplinary Orders & Notices, in the settlement amount of Four Thousand and 00/100 Dollars (\$4,000.00) (the "Reduced Civil Fine"). The Reduced Civil Fine is payable separate and apart from any additional civil fines required under another Stipulation and Order. Prather, PIM, and Northern Star agree to pay the Reduced Civil Fine within sixty (60) calendar days after the mailing date of the attached Order. The Reduced Civil Fine must be paid by cashier's check or money order made payable to the "State of Michigan," contain identifying information (name and "Agency Nos. 331055, 330797, and 331054"), and be mailed to the Department at the following address:

Corporations, Securities & Commercial Licensing Bureau
Securities & Audit Division – Final Order Monitoring
P.O. Box 30018
Lansing, MI 48909
2. Following entry of the attached Order, the Department will file a Form U6 reflecting the Parties' resolution of the Disciplinary Orders & Notices under this Stipulation and Order.

In addition, the Department will update the CRD/IARD to reflect Prather's investment adviser representative registration and PIM's and Northern Star's investment adviser firm registrations as "APPROVED-RES [RESTRICTED]." This Stipulation and 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.

3. PIM agrees to submit a Form U5 terminating Jagger's association with it as an investment adviser representative in Michigan within ten (10) calendar days after the mailing date of the attached Order.

Compliance Review and Reporting and Conditional Registration Term

4. As described further below, Prather, PIM, and Northern Star agree to prepare and submit quarterly compliance reports to the Compliance Professional, which the Compliance Professional will then review, certify, and maintain in the form attached as Exhibit A, together with all additional information required by this Stipulation and Order.
5. Prather's investment adviser representative registration and PIM's and Northern Star's investment adviser firm registrations will remain conditional and subject to this Stipulation and Order, and Prather, PIM, and Northern Star are responsible for ensuring that the Compliance Professional supervises them, for a minimum period of one (1) year following the date they become conditionally registered in accordance with the terms of this Stipulation and Order (the "Conditional Registration Term"). After the expiration of the Conditional Registration Term, the Compliance Professional may submit a written request to the Department that the conditions be lifted from Prather's, PIM's, and Northern Star's registrations and providing a reasonable basis for the request. The Compliance Professional's written request to lift the conditional registrations must include: (a) originals of all quarterly compliance reports required by Paragraphs B.4, B.15, B.16, and described throughout Section B of this Stipulation and Order; and (b) any additional information specifically required by this Stipulation and Order. Prather's, PIM's, and Northern Star's registrations will remain conditional until the Administrator issues an order lifting the conditions imposed by this Stipulation and Order after consideration of the written request contemplated by this paragraph.
6. The Compliance Professional's written request under Paragraph B.5 to lift Prather's, PIM's, and Northern Star's conditional registrations must provide a copy of any agreements entered into between Prather, PIM, Northern Star, and the Compliance Professional, including any replacement Compliance Professional(s) if they have changed the identity of the Compliance Professional during the Conditional Registration Term.
7. Any changes to Paragraph A.6 of this Stipulation and Order must be reported in writing to the Department within fifteen (15) days, at the address indicated in Paragraph B.1.

8. Prather, PIM, and Northern Star must separately report to the Department any: (a) customer complaints (written or verbal); (b) disciplinary actions; (c) judgments or liens entered or filed against them; and (d) other changes to their answers to the Disclosure Questions on the Form U4 or ADV (a "Reportable Event") that arise during the Conditional Registration Term, regardless of whether Prather, PIM, or Northern Star are required to report this information on the Form U4/ADV, within ten (10) days after receipt of the information. Reporting this information on the CRD/IARD system alone will not satisfy this requirement. Prather, PIM, and Northern Star must also supply the Department a copy of their revised Form(s) U4 or ADV, as applicable, upon its filing through the CRD/IARD. The foregoing items must be reported to the Department in writing directly to the address indicated in Paragraph B.1 of this Stipulation and Order, and include the following information regarding each customer complaint or Reportable Event:
 - a. Client name, address, telephone number and e-mail address, if any.
 - b. A copy of any written complaint.
 - c. A written summary of any verbal complaint or other Reportable Event.
 - d. Current status of the complaint or other Reportable Event, including the resolution, if any.
9. Prather, PIM, and Northern Star acknowledge that a customer complaint or other Reportable Event arising during the Conditional Registration Term may result in, among other actions, an extension of the Conditional Registration Term.
10. Prather, PIM, and Northern Star agree that they will not exercise general discretionary authority (or limited power of attorney) over accounts of any Michigan customers during the Conditional Registration Term. However, Prather, PIM, and Northern Star may exercise specific discretionary authority and/or limited power of attorney over accounts of Michigan customers if the investment activities, transactions, etc. engaged in by Prather, PIM, and/or Northern Star: (a) are authorized by and within the scope of an investment advisory agreement that the Michigan customer previously approved in writing (a "Customer-Approved Investment Advisory Agreement"); and (b) implement the investment strategies and goals included in a Customer-Approved Investment Advisory Agreement. As part of the agreement between Prather, PIM, Northern Star, and the Compliance Professional, the Compliance Professional must be required, in conjunction with reviewing and certifying their quarterly compliance reports, to review and discuss with Prather, PIM, and Northern Star any exercise of discretionary authority and/or limited power of attorney for compliance with this paragraph.
11. As part of the agreement between Prather, PIM, Northern Star, and the Compliance Professional, the Compliance Professional must perform periodic, random reviews of any correspondence (including, without limitation, account statements, invoices, advertising, sales literature, other solicitation materials, etc. sent via electronic communication, U.S. mail, or facsimile, both incoming and outgoing) between Prather, PIM, or Northern Star and Michigan customers or potential customers during the Conditional Registration Term.

Prather, PIM, and Northern Star agree to promptly provide any such correspondence upon the Compliance Professional's request.

12. As part of the agreement between Prather, PIM, Northern Star, and the Compliance Professional, the Compliance Professional must be required, in conjunction with reviewing and certifying their quarterly compliance reports, to review and discuss with Prather, PIM, and Northern Star their activities and the status of any current disciplinary actions during the Conditional Registration Term.
13. As part of the agreement between Prather, PIM, Northern Star, and the Compliance Professional, the Compliance Professional must be required, in conjunction with reviewing and certifying their quarterly compliance reports, to review, assess, and discuss with Prather, PIM, and Northern Star their customer accounts for compliance with this Stipulation and Order.
14. Prather, PIM, and Northern Star agree to meet with the Compliance Professional quarterly to review and discuss the matters required under Paragraphs B.10, B.12, and B.13. "Quarter" or "quarterly," for purposes of this paragraph and as used throughout this Stipulation and Order, means the periods from January 1 to March 31; April 1 to June 30; July 1 to September 30; and October 1 to December 31. The quarterly review meeting requirement under this paragraph begins immediately on the date that the attached Order is entered and the meetings must be completed within fourteen (14) calendar days after the final day of each quarter.
15. Within fourteen (14) calendar days after each quarterly review meeting is completed, Prather, PIM, and Northern Star agree to prepare and submit to the Compliance Professional two separate quarterly compliance reports in the form attached as Exhibit A, reflecting the respective activities conducted at both PIM and Northern Star. Prather, PIM, and Northern Star further agree to ensure that within ten (10) days after receipt, the Compliance Professional reviews each quarterly compliance report and completes the cover page, on the Compliance Professional's letterhead, certifying whether Prather, PIM, and Northern Star were in compliance with this Stipulation and Order during the applicable quarterly reporting period. The reporting period for the first quarterly compliance reports begins immediately on the date that the attached Order is entered and ends on the final day of that quarter. The reporting period for subsequent quarterly compliance reports begins on the first day and ends on the final day of the next applicable quarter.
16. The Compliance Professional is not required to submit the quarterly compliance reports to the Department on a periodic basis. However, Prather, PIM, and Northern Star must ensure that the Compliance Professional maintains all quarterly compliance reports and provides them to the Department: (a) to support a request to lift the conditional registrations as provided in Paragraph B.5 of this Stipulation and Order; (b) immediately upon the Department's request for any reason; and (c) in connection with any submission of information to the Department as required under Paragraph B.8 of this Stipulation and Order. If any quarterly review meeting or compliance report reveals that Prather, PIM, or

Northern Star are not in compliance with this Stipulation and Order or the Act, then Prather, PIM, and Northern Star must immediately notify the Department in writing at the address indicated in Paragraph B.1.

Correction of Examination Deficiencies

17. Prather, PIM, and Northern Star have worked with the Department to address and correct all examination deficiencies identified in the Disciplinary Orders & Notices. If the Department identifies and communicates to Prather, PIM, or Northern Star that these or additional deficiencies remain outstanding and require correction, Prather, PIM, and Northern Star will cooperate with the Department to promptly address such deficiencies. Unless specifically required by this Stipulation and Order or Exhibit A, the Compliance Professional is not responsible for assessing, monitoring, or certifying Prather's, PIM's, or Northern Star's timely correction of any deficiencies that the Department identifies and directly communicates under this paragraph.

Additional Provisions

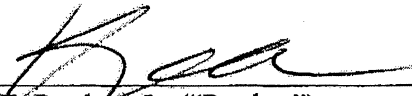
18. Prather, PIM, and Northern Star agree to fully cooperate with the Department in any investigation, audit, or examination relating to their activities.
19. Prather, PIM, and Northern Star acknowledge and agree that upon their failure to comply with any terms of this Stipulation and Order within the time frames specified, and until such compliance is made, the Administrator is entitled to and may automatically and summarily: (a) suspend all registrations held by them under the Act; (b) deny any renewal registrations submitted by them; and (c) deny any future applications for registration submitted by them, which shall be effective upon notice given by the Administrator or her designee with no opportunity for hearing. Prather, PIM, and Northern Star further acknowledge and agree that the Administrator may pursue any other available contractual, administrative, or judicial remedies to enforce this Stipulation and Order. Prather, PIM, and Northern Star may voluntarily surrender or withdraw a registration under the Act; however, such surrender or withdrawal will not negate the aforementioned actions against the relevant registration or additional disciplinary proceedings if a violation of this Stipulation and Order or the Act have occurred.
20. Prather, PIM, and Northern Star further acknowledge and agree that: (a) the Administrator has jurisdiction and authority to enter the attached Order; (b) the attached Order may be entered without any further notice to them; and (c) upon entry of the attached Order, it is final and binding, and Prather, PIM, and Northern Star waive any right to a hearing and/or appeal of the attached Order and the Disciplinary Orders & Notices that exists 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.
21. The Parties acknowledge and agree that this Stipulation and Order contains the entire understanding of the Parties and supersedes and forever terminates all prior and

contemporaneous representations, promises, agreements, understandings, and negotiations, whether oral or written, with respect to its subject matter. The Parties further agree that this Stipulation and Order may only be amended, modified, or supplemented by a duly executed writing signed by each party and approved by Order of the Administrator.

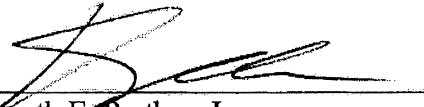
22. The Parties acknowledge and represent that: (a) each party has read this Stipulation and Order in its entirety and fully understands all of its terms, conditions, ramifications, and consequences; (b) each party unconditionally consents to the terms of this Stipulation and Order; (c) each party has consulted with or had ample opportunity to consult with legal counsel of his, her, or its choosing prior to executing this Stipulation; (d) each party has freely and voluntarily signed this Stipulation; and (e) the consideration received by each party as described in this Stipulation and Order is adequate.
23. The Parties agree that they may execute this Stipulation in any number of counterparts, each of which shall be deemed an original hereof, but which together shall constitute one and the same instrument and agreement, and that facsimile or electronically-transmitted signatures may be attached to this Stipulation and shall be binding on such party as an original signature.
24. The signatories to this Stipulation below represent and warrant that they have the legal capacity and authority to enter into this Stipulation on behalf of the named Parties and to bind the named Parties to the terms and conditions contained herein.

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


Through their signatures, Prather, PIM, and Northern Star agree to comply with the above terms and conditions.

Dated: 5-31-17 Signed: 
Kenneth E. Prather, Jr. ("Prather")

Prather Investment Management, LLC ("PIM")

Dated: 5-31-17 Signed: By: 
Kenneth E. Prather, Jr.
Its: Sole Managing Member/Owner

Northern Star Capital Management, LLC
("Northern Star")

Dated: 5-31-17 Signed: By: 
Kenneth E. Prather, Jr.
Its: Managing Member

Approved by:

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

Through their signatures, Prather, PIM, and Northern Star agree to comply with the above terms and conditions.

Dated: _____

Signed: _____

Kenneth E. Prather, Jr. ("Prather")

Prather Investment Management, LLC ("PIM")

Dated: _____

Signed: _____

By: _____

Kenneth E. Prather, Jr.

Its: Sole Managing Member/Owner

Northern Star Capital Management, LLC
("Northern Star")

Dated: _____

Signed: _____

By: _____

Kenneth E. Prather, Jr.

Its: Managing Member

Approved by:

Dated: 6.9.17

Signed: _____

Timothy L. Teague

Timothy L. Teague

Securities & Audit Division Director

Corporations, Securities & Commercial Licensing
Bureau

C. ORDER

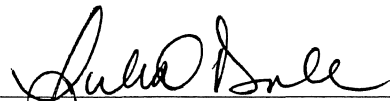
NOW, THEREFORE, the Administrator ORDERS:

IN ACCORDANCE WITH THE FOREGOING FULLY EXECUTED STIPULATION:

(1) THE SUMMARY SUSPENSION OF KENNETH E. PRATHER, JR.'S INVESTMENT ADVISER REPRESENTATIVE REGISTRATION IS LIFTED, AND HIS INVESTMENT ADVISER REPRESENTATIVE REGISTRATION IS CONDITIONALLY APPROVED;

(2) THE SUMMARY SUSPENSION OF PRATHER INVESTMENT MANAGEMENT, LLC'S INVESTMENT ADVISER FIRM REGISTRATION IS LIFTED, AND ITS INVESTMENT ADVISER FIRM REGISTRATION IS CONDITIONALLY APPROVED; AND

(3) THE SUMMARY SUSPENSION OF NORTHERN STAR CAPITAL MANAGEMENT, LLC'S INVESTMENT ADVISER FIRM REGISTRATION IS LIFTED, AND ITS INVESTMENT ADVISER FIRM REGISTRATION IS CONDITIONALLY APPROVED.



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. 331054

NORTHERN STAR CAPITAL MANAGEMENT, LLC
CRD#173649

Respondent.

Issued and entered
This 3rd day of March, 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. Northern Star Capital Management, LLC (CRD#173649) ("Respondent") is a Michigan limited liability company that has been registered as an investment adviser pursuant to the Securities Act in Michigan since January of 2015.
2. The Corporations, Securities & Commercial Licensing Bureau ("the Bureau") within the State of Michigan Department of Licensing and Regulatory Affairs, concurrent with the issuance of this Order Summarily Suspending Investment Adviser Registration, has initiated administrative proceedings against Respondent pursuant to section 412 of the Securities Act, MCL 451.2412 (Exhibit 1 – Notice of Intent to Revoke, Suspend, Condition, or Limit Investment Adviser Registration).
3. Section 412(6) of the Securities Act, MCL 451.2412(6), authorizes the Administrator of the Securities Act ("Administrator") to summarily suspend a registration pending final determination of an administrative proceeding.
4. Based on Respondent's conduct discussed above and hereafter, the Administrator determined that the summary suspension of Respondent's investment adviser registration is authorized, appropriate, and in the public interest.

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. In accordance with section 412(6) of the Securities Act, MCL 451.2412(6), the INVESTMENT ADVISER REGISTRATION OF NORTHERN STAR CAPITAL MANAGEMENT, LLC IS SUMMARILY SUSPENDED pending the final determination of the administrative proceedings referenced in Exhibit 1, attached hereto.
2. In accordance with sections 412(2) and (6) of the Securities Act, MCL 451.2412(2) and (6): This is NOTICE that the Administrator has summarily suspended Respondent's registration, and that Respondent has thirty (30) calendar days after the date that this Order is served on Respondent to submit a written request to the Administrator that this matter be scheduled for a hearing. If the Administrator timely receives a written request, the Administrator shall schedule a hearing within 15 days after receipt of the written request. If a hearing is not requested by Respondent or is not ordered by the Administrator within 30 days after the date of service of this Order, then the Order becomes FINAL. 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

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. 331054

NORTHERN STAR CAPITAL MANAGEMENT, LLC
CRD# 173649

Respondent.

_____ /

Issued and entered
This 3rd day of March, 2017

**NOTICE OF INTENT TO REVOKE, SUSPEND, CONDITION, OR LIMIT
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. Northern Star Capital Management, LLC (CRD#173649) ("Respondent") has been registered as an investment adviser in Michigan since in or around January of 2015. Respondent has no associated investment adviser representatives. Kenneth Prather (CRD#4772423) and John Jagger (CRD#256868) are identified in the firm's registration documents as managing members of the limited liability company and supervised persons of the investment adviser.
2. The Corporations, Securities & Commercial Licensing Bureau ("the Bureau") within the Department of Licensing and Regulatory Affairs began a routine examination of Respondent in or around April of 2016.
3. During the examination, Bureau staff identified multiple regulatory deficiencies and advised Respondent of those deficiencies by a letter of advisement dated June 24, 2016. (Exhibit 1 – June 24, 2016 Letter of Advisement). Deficiencies identified in the letter of advisement included:
 - A. Respondent was notified that it had no investment adviser representatives associated with the firm, notwithstanding the fact that it had \$19,900,000.00 in assets under management; as a result, neither Kenneth Prather nor John Jagger was registered to provide investment advice on behalf of Respondent.¹

¹ Mr. Prather and Mr. Jagger are registered through a separate investment adviser, Prather Capital Management, LLC (CRD#130947).

Respondent has not corrected the deficiency as of the issuance of this Notice of Intent to Revoke, Suspend, Condition, or Limit Investment Adviser Registration.

- B. Respondent represents in its Form ADV Part 2A investment adviser registration application at Item 2 that the brochure update represented “an ownership change and name change of Prather Investment Management.” (Exhibit 2 – Respondent’s Form ADV 2A Brochure, at Item 2). However, Prather Investment Management is a separately registered investment adviser firm through which both Kenneth Prather and John Jagger are currently registered as investment adviser representatives according to registration records.² The registration information available to the public is inconsistent and inaccurate. Respondent has not corrected the deficiency as of the issuance of this Notice of Intent to Revoke, Suspend, Condition, or Limit Investment Adviser Registration.
 - C. Respondent’s Form ADV Part 2A investment adviser registration application at Item 8 fails to explain material risks associated with its significant investment strategies or methods of analysis (Exhibit 2, at Item 8), as is required by Form ADV instruction 8B (Exhibit 3 – Form ADV Instruction 8B). Respondent has not corrected the deficiency as of the issuance of this Notice of Intent to Revoke, Suspend, Condition, or Limit Investment Adviser Registration.
 - D. Respondent’s Form ADV Part 2A investment adviser registration application at Item 11 (Exhibit 2, at Item 11) fails to describe Respondent’s practices when it discusses conflicts of interest presented by Respondent or its related persons investing in or recommending the same securities as clients, or how Respondent handles such conflicts in connection with personal trading, as required by Form ADV instruction 11C (Exhibit 3 – Form ADV Instruction 11C). Respondent has not corrected the deficiency as of the issuance of this Notice of Intent to Revoke, Suspend, Condition, or Limit Investment Adviser Registration.
 - E. Respondent’s Form ADV investment adviser registration application at Part 2A, item 4A (Exhibit 2, Item 4A) and Part 2B, item 4 (Exhibit 4 – Form ADV Part 2B, at Item 4) fails to disclose that Kenneth Prather has a business interest in Prather Capital Management, an entity which still identifies in registration records that it has \$19,900,000 in assets under management. Respondent has not corrected the deficiency as of the issuance of this Notice of Intent to Revoke, Suspend, Condition, or Limit Investment Adviser Registration.
4. 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,

² Registration records indicate that Respondent and Prather Investment Management have identical assets under management, creating the appearance that the business operations may have been transferred from Prather Investment Management to Respondent, but that none of the registration records have been updated to properly reflect those changes.

suspend, condition, or limit Respondents investment adviser registration based upon Respondent's conduct discussed above and hereafter.

5. Section 406(2) of the Securities Act, MCL 451.2406(2), states:

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.

6. Section 412(2) of the Securities Act, MCL 451.2412(2), states:

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, or 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...

7. 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 and, if the registrant is a broker-dealer or investment adviser, on a partner, officer, or director, 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.

8. 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^[3] 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.

[³ Transition Order 1 Administering the Michigan Uniform Securities Act, Order No. 09-049-M ("Transition Order 1") requires applicants for investment adviser registration to submit application materials through the Financial Industry Regulatory Authority ("FINRA") Web CRD System in accordance with all relevant instructions. Transition Order 1 is attached as Exhibit 5.]

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

9. 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.

10. The Administrator may revoke, suspend, condition or limit 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 failed to update its Form ADV in multiple respects which are more fully described in paragraphs (I)(3)(A) – (E) herein, as is required by section 406(2) of the Securities Act, MCL 451.2406(2), notwithstanding the fact that the Bureau put Respondent on notice of the necessary changes in June 2016, causing the applicability of section 412(4)(a) of the Securities Act, MCL 451.2412(4)(a), which gives the Administrator cause to issue an order under sections 412(2) and 412(3) of the Securities Act, MCL 451.2412(2) and MCL 451.2412(3).
- B. Respondent has willfully failed to comply with the Securities Act and orders issued under the Securities Act by failing to correct numerous inaccuracies in its registration materials, notwithstanding instructions given by the Bureau in June 2016 to do so, contrary to section 406(2) of the Securities Act, MCL 451.2406(2), and Transition Order 1, paragraph 12, causing the applicability of section 412(4)(b) of the Securities Act, MCL 451.2412(4)(b), which gives the Administrator cause to issue an order under sections 412(2) and 412(3) of the Securities Act, MCL 451.2412(2) and MCL 451.2412(3).

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, SUSPEND, CONDITION, OR LIMIT THE INVESTMENT ADVISER REGISTRATION OF NORTHERN STAR CAPITAL

MANAGEMENT, LLC under section 412(2) of the Securities Act, MCL 451.2412(2), because it has failed to update its Form ADV investment adviser application, and because it has willfully violated the Securities Act and orders issued thereunder, both of which support the revocation, suspension, conditioning, or limitation 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 \$20,000.00 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, suspend, condition, or limit 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

By:



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