

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

In the matter of:

Complaint No. 328261

JERRY ALLEN SCHUTTE  
CRD No. 416042

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Issued and entered  
This 30<sup>th</sup> day of September, 2016

**STIPULATION AND ORDER FOR SECURITIES AGENT CONDITIONAL  
REGISTRATION**

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

1. Jerry Allen Schutte ("Registrant") has been registered as a securities agent in Michigan through various broker-dealers since in or around 1987.
2. Registrant is assigned CRD No. 416042.
3. Registrant's securities agent registration through American Portfolios Financial Services, Inc. ("American Portfolio"), which was suspended for three months by the Financial Industry Regulatory Authority, is scheduled to become active again on approximately July 17, 2016.
4. American Portfolio acknowledges the disciplinary history of Registrant, as set forth in more detail in the Notice and Order to Cease and Desist, issued and entered on May 12, 2016.
5. Registrant will be working at the following address:

American Portfolios Financial Services, Inc.  
168 Louis Campau Promenade NW  
Suite 500  
Grand Rapids, Michigan 49503  
(616) 774-4560

6. Registrant will be supervised by the following individual or Compliance Officer who works at the physical address listed in the paragraph above:

Martin Wendel, CRD No. 2436372  
Chief Compliance Officer, American Portfolios Financial Services, CRD #18487  
4250 Veterans Memorial Highway  
Suite 420E  
Holbrook, New York 11741

(631) 439-4600, extension 126  
mwendel@americanportfolios.com

Paul Damon, CRD No. 1001136  
Supervising Principal, American Portfolios Financial Services, CRD #18487  
168 Louis Campau Promenade NW  
Suite 500  
Grand Rapids, Michigan 49503  
(616) 774-4560  
pdamon@americanportfolios.com

7. The Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau (the "Department") reviewed the information contained in Registrant's CRD/IARD disclosures and conducted an investigation. The Registrant, American Portfolio, and Department (collectively, the "Parties") agree that a basis may exist, pursuant to Section 412 of the Act, MCL 451.2412, for the Department's Administrator to take disciplinary action against Registrant's securities agent registration.
8. The Administrator and Registrant have determined, notwithstanding the possible basis for denial or disciplinary action, that protection of the investing public does not require additional disciplinary action to be taken against Registrant if Registrant and American Portfolio agree to registration subject to the terms and conditions specified in this Stipulation and Order.

#### 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 Registrant as a securities agent, subject to Registrant's compliance with the following conditions and additional terms agreed to by the Parties below:

##### **Updating the CRD**

1. Following entry of the attached Order, the Department will file a Form U-6 reflecting the Parties' resolution of the Notice and Order to Cease and Desist and Notice of Intent to Revoke pursuant to this Stipulation and Order. In addition, the Department will update the CRD to reflect Registrant's registration as a securities agent as "APPROVED-RES [RESTRICTED]."

##### **Compliance Review and Reporting**

2. American Portfolio agrees to provide the Department with a complete copy of its written supervisory procedures and any independent contractor or other agreements made

between it and Registrant, if any, together with Registrant's first quarterly review, pursuant to Paragraph B(14) below.

3. American Portfolio agrees to supervise Registrant for a minimum period of two (2) years following the date Registrant becomes conditionally registered in accordance with the terms of this agreement, unless extended as described in this Stipulation and Order. After the expiration of the two year period, American Portfolio may submit a written request to the Department, requesting that the conditions be lifted from Registrant's registration and provide a reasonable basis for the request.
4. Any changes to paragraphs A(5) or A(6) of this Stipulation and Order will be reported in writing to the Department within fifteen (15) days to the address indicated in Paragraph B(14) of this Stipulation and Order.
5. American Portfolio will report to the Department any new customer complaints (written or oral), or other changes to Registrant's answers to the Disclosure Questions on the Form U-4 ("reportable event") that arise within the supervisory period, regardless of whether Registrant is required to report the customer complaint on the Form U-4, within five (5) days of receipt of the information. Reporting the information on the CRD system will not satisfy this requirement. Registrant will also supply a copy of Registrant's revised Form U-4 to the Department upon its filing through the CRD. Items must be reported to the Department in writing directly to the address indicated in Paragraph B(14) 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.
  - d. Current status of the complaint, including the resolution, if any.
6. American Portfolio and Registrant acknowledge that a new complaint or other reportable item may extend the supervisory period.
7. Registrant will not have discretionary authority (or limited power of attorney) over accounts of any Michigan residents during the supervisory period. Any and all activity involving discretionary authority for any and all clients of Registrant will be conducted by Paul Damon or another authorized staff member of Family Capital Management for the duration of the supervisory period.
8. All new accounts for Michigan customers will be reviewed and approved by American Portfolio before the execution of the initial transaction(s) in any new accounts.
9. All transactions for customer accounts will be reviewed and approved by American Portfolio within 24 hours of execution.

10. All correspondence, including, without limitation, electronic communications, U.S. mail, facsimiles, etc., both incoming and outgoing, shall be reviewed by Registrant's supervisor or American Portfolio's compliance department as set forth below. Outgoing correspondence, related to any securities solicitations, shall be reviewed prior to mailing, e-mailing or faxing, and American Portfolio will maintain written evidence of review (e.g., supervisor or Compliance Officer's initials written on all correspondence.) Incoming email will be monitored, using Global Relay, in two ways. First through a Key Word Library and second through a 5% random selection. The above reviews will be kept in a timely manner (no more than 1 week in arrears).
11. All advertising, sales literature and other solicitation material given or sent by the Registrant to any customer or potential customer shall be approved by Registrant's supervisor or American Portfolio's compliance department before use.
12. American Portfolio will hold a quarterly review with Registrant regarding the Registrant's activities and the status of any current disciplinary actions.
13. After the quarterly reviews are completed, American Portfolio will submit to the Department a quarterly compliance report in the form attached as Exhibit A, on American Portfolio's letterhead, certifying that Registrant is in compliance with this Stipulation and Order and the Act. The submission will also re-identify any written or oral complaints regarding Registrant's accounts that were received during the reporting period and reported to the Department under Paragraph B(5).
14. American Portfolio will submit the quarterly reports on or before the first of the month for the following months after the effective date of this Stipulation and Order and continuing during the years the registration is subject to this Stipulation and Order: November 1, February 1, May 1, and August 1, with reporting periods ending September 30, December 31, March 31, and June 30, respectively. American Portfolio and Registrant shall have at least thirty (30) days after entry of this Stipulation and Order to prepare and submit the first report. If there are not at least thirty (30) days to prepare and submit Report #1, use the next quarter's due date as the due date for Report #1. However, the first reporting period begins immediately upon entry of this Stipulation and Order and ends with the next applicable reporting period end date. For example, if the Stipulation and Order is entered January 15, Report #1, covering the period of January 15 through March 31, is due on May 1. The reports will be submitted to the Department at the following address: Final Order Monitoring, Corporations, Securities & Commercial Licensing Bureau, P.O. Box 30018, Lansing, MI 48909.
15. American Portfolio will not transfer the registration of Registrant to another broker-dealer, pursuant to a mass transfer, without prior approval of the Department while this Stipulation and Order is in effect.

### Personal Financial Information

16. Within thirty (30) days of the entry of the attached Order, Registrant agrees to provide the Department, at the address indicated in paragraph B(14) of this Stipulation and Order, a current credit report and a personal balance sheet audited by a Certified Public Accountant.
17. Registrant agrees to prepare and American Portfolio agrees to submit to the Department, together with each quarterly compliance report, a personal balance sheet in the form attached as Exhibit B reflecting Registrant's financial condition as of the end of the applicable reporting period.

### Additional Provisions

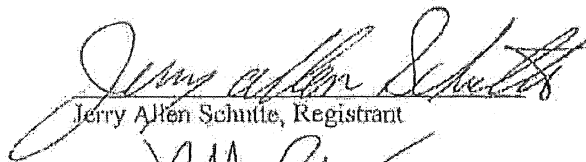
18. Registrant agrees to pay a civil fine \$2,500.00 within thirty (30) days of the entry of the attached Order, by cashier's check or money order, made payable to the State of Michigan, with the Complaint No. clearly indicated on the check or money order, and sent to the address specified in paragraph B(14).
19. Registrant and American Portfolio will fully cooperate with the Department in any investigation, audit, or examination relating to Registrant's activities.
20. Registrant acknowledges and agrees that upon his 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 Registrant under the Act; (b) deny any renewal registrations submitted by Registrant; and (c) deny any future applications for registration submitted by Registrant, which shall be effective upon notice given by the Administrator or her designee with no opportunity for hearing. Registrant further acknowledges and agrees that the Administrator may pursue any other available contractual, administrative, or judicial remedies to enforce this Stipulation and Order. Registrant may voluntarily surrender or withdraw a registration under the Act; however, such surrender or withdrawal will not negate the aforementioned actions against the relevant registrations or additional disciplinary proceedings if a violation of this Stipulation and Order or the Act have occurred.
21. Registrant acknowledges and agrees 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 Registrant; and (c) upon entry of the attached Order, it is final and binding, and Registrant waives any right to a hearing and/or appeal of the attached Order or the Notice to Deny 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.

22. 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.
23. 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.
24. 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.
25. 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.

Through their signatures, Registrant and American Portfolio agree to comply with the above terms and conditions.

Dated: 9/9/16

Signed:

  
Jerry Allen Schutte, Registrant

Dated: 9/9/16

Signed:

  
Jonathan D. Sweik, Registrant's Legal Counsel

Dated: 9/12/16

Signed:

  
Martin Wendel, Chief Compliance Officer  
American Portfolios Financial Services, Inc.

Dated: 9.26.16

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  
REGISTRANT JERRY ALLEN SCHUTTE'S SECURITIES AGENT REGISTRATION IS  
CONDITIONALLY APPROVED.



Julia D. B., Bureau Director  
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. 328261

JERRY ALLEN SCHUTTE  
CRD No. 416042

---

Issued and entered  
This 30th day of September, 2016

**STIPULATION AND ORDER FOR INVESTMENT ADVISER REPRESENTATIVE  
CONDITIONAL REGISTRATION**

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

1. Jerry Allen Schutte ("Registrant") has been registered as an investment adviser representative in Michigan through Family Capital Management ("FCM") since in or around 2014.
2. Registrant is assigned CRD No. 416042.
3. FCM acknowledges the disciplinary history of Registrant, as set forth in more detail in the Notice and Order to Cease and Desist, issued and entered on May 12, 2016.
4. Registrant will be working at the following address:

Family Capital Management  
168 Louis Campau Promenade NW  
Suite 500  
Grand Rapids, Michigan 49503  
(616) 774-4560

5. Registrant will be supervised by the following individual or Compliance Officer who works at the physical address listed in the paragraph above:

Paul Damon, CRD No. 1001136  
President, FCM, IARD #111230  
168 Louis Campau Promenade NW  
Suite 500  
Grand Rapids, Michigan 49503  
(616) 774-4560  
paul@familycapitalmgt.com

Audrey Dirksen, CRD No. 1571611  
Operations Manager, FCM, IARD #111230

168 Louis Campau Promenade NW  
Suite 500  
Grand Rapids, Michigan 49503  
(616) 774-4560  
audrey@familycapitalmgt.com

6. The Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau (the "Department") reviewed the information contained in Registrant's CRD/IARD disclosures and conducted an investigation. The Registrant, FCM, and Department (collectively, the "Parties") agree that a basis may exist, pursuant to Section 412 of the Act, MCL 451.2412, for the Department's Administrator to take disciplinary action against Registrant's investment adviser representative registration.
7. The Administrator and Registrant have determined, notwithstanding the possible basis for denial or disciplinary action, that protection of the investing public does not require additional disciplinary action to be taken against Registrant if Registrant and FCM agree to registration subject to the terms and conditions specified in this Stipulation and Order.

## 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 Registrant as an investment adviser representative, subject to Registrant's compliance with the following conditions and additional terms agreed to by the Parties below:

### Updating the CRD

1. Following entry of the attached Order, the Department will file a Form U-6 reflecting the Parties' resolution of the Notice and Order to Cease and Desist and Notice of Intent to Revoke pursuant to this Stipulation and Order. In addition, the Department will update the CRD to reflect Registrant's registration as an investment adviser representative as "APPROVED-RES [RESTRICTED]."

### Compliance Review and Reporting

2. FCM agrees to provide the Department with a complete copy of its written supervisory procedures and any independent contractor or other agreements made between it and Registrant, if any, together with Registrant's first quarterly review, pursuant to Paragraph B(14) below.
3. FCM agrees to supervise Registrant for a minimum period of two (2) years following the date Registrant becomes conditionally registered in accordance with the terms of this agreement, unless extended as described in this Stipulation and Order. After the

expiration of the two year period, FCM may submit a written request to the Department, requesting that the conditions be lifted from Registrant's registration and provide a reasonable basis for the request.

4. Any changes to paragraphs A(4) or A(5) of this Stipulation and Order will be reported in writing to the Department within fifteen (15) days to the address indicated in Paragraph B(14) of this Stipulation and Order.
5. FCM will report to the Department any new customer complaints (written or oral), or other changes to Registrant's answers to the Disclosure Questions on the Form U-4 ("reportable event") that arise within the supervisory period, regardless of whether Registrant is required to report the customer complaint on the Form U-4, within five (5) days of receipt of the information. Reporting the information on the CRD system will not satisfy this requirement. Registrant will also supply a copy of Registrant's revised Form U-4 to the Department upon its filing through the CRD. Items must be reported to the Department in writing directly to the address indicated in Paragraph B(14) 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.
  - d. Current status of the complaint, including the resolution, if any.
6. FCM and Registrant acknowledge that a new complaint or other reportable item may extend the supervisory period.
7. Registrant will submit the relevant Form ADV Part 2B Brochure Supplement to the Department, together with Registrant's first quarterly review, as referenced in the following paragraphs of this Stipulation and Order.
8. Registrant will not have discretionary authority (or limited power of attorney) over any Michigan residents during the supervisory period. Any and all activity involving discretionary authority for any and all clients of Registrant will be conducted by Paul Damon or another authorized staff member of Family Capital Management for the duration of the supervisory period.
9. All new financial plans for Michigan customers will be reviewed and approved by FCM before payment of any financial planning fees.
10. All correspondence, including, without limitation, electronic communications, U.S. mail, facsimiles, etc., both incoming and outgoing, shall be reviewed by Registrant's supervisor or FCM's compliance department as set forth below. Outgoing correspondence, related to any securities solicitations, shall be reviewed prior to mailing, e-mailing or faxing, and FCM will maintain written evidence of review (e.g., supervisor

or Compliance Officer's initials written on all correspondence.) Incoming email will be monitored, using Global Relay, in two ways. First through a Key Word Library and second through a 5% random selection. The above reviews will be kept in a timely manner (no more than 1 week in arrears).

11. All advertising, sales literature and other solicitation material given or sent by the Registrant to any customer or potential customer shall be approved by Registrant's supervisor or FCM's compliance department before use.
12. FCM will hold a quarterly review with Registrant regarding the Registrant's activities and the status of any current disciplinary actions.
13. After the quarterly reviews are completed, FCM will submit to the Department a quarterly compliance report in the form attached as Exhibit A, on FCM's letterhead, certifying that Registrant is in compliance with this Stipulation and Order and the Act. The submission will also re-identify any written or oral complaints regarding Registrant's accounts that were received during the reporting period and reported to the Department under Paragraph B(5).
14. FCM will submit the quarterly reports on or before the first of the month for the following months after the effective date of this Stipulation and Order and continuing during the years the registration is subject to this Stipulation and Order: November 1, February 1, May 1, and August 1, with reporting periods ending September 30, December 31, March 31, and June 30, respectively. FCM and Registrant shall have at least thirty (30) days after entry of this Stipulation and Order to prepare and submit the first report. If there are not at least thirty (30) days to prepare and submit Report #1, use the next quarter's due date as the due date for Report #1. However, the first reporting period begins immediately upon entry of this Stipulation and Order and ends with the next applicable reporting period end date. For example, if the Stipulation and Order is entered January 15, Report #1, covering the period of January 15 through March 31, is due on May 1. The reports will be submitted to the Department at the following address: Final Order Monitoring, Corporations, Securities & Commercial Licensing Bureau, P.O. Box 30018, Lansing, MI 48909.

#### **Personal Financial Information**

15. Within thirty (30) days of the entry of the attached Order, Registrant agrees to provide the Department, at the address indicated in paragraph B(14) of this Stipulation and Order, a current credit report and a personal balance sheet audited by a Certified Public Accountant.
16. Registrant agrees to prepare and FCM agrees to submit to the Department, together with each quarterly compliance report, a personal balance sheet in the form attached as Exhibit B reflecting Registrant's financial condition as of the end of the applicable reporting period.

### **Additional Provisions**

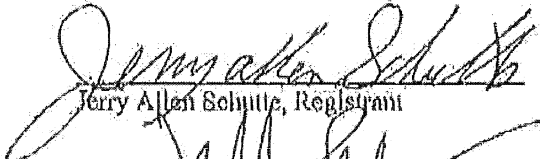
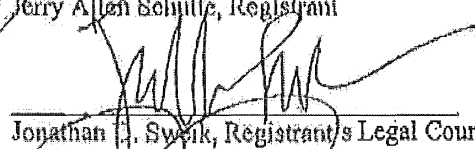
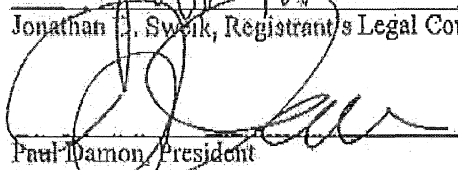
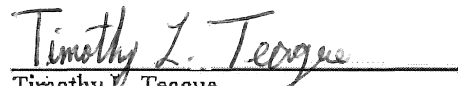
17. Registrant and FCM will fully cooperate with the Department in any investigation, audit, or examination relating to Registrant's activities.
18. Registrant acknowledges and agrees that upon his failure to comply with any terms of this Stipulation and Order within the time frames specified, and until such compliance is made, the Administrator is entitled to and may automatically and summarily: (a) suspend all registrations held by Registrant under the Act; (b) deny any renewal registrations submitted by Registrant; and (c) deny any future applications for registration submitted by Registrant, which shall be effective upon notice given by the Administrator or her designee with no opportunity for hearing. Registrant further acknowledges and agrees that the Administrator may pursue any other available contractual, administrative, or judicial remedies to enforce this Stipulation and Order. Registrant may voluntarily surrender or withdraw a registration under the Act; however, such surrender or withdrawal will not negate the aforementioned actions against the relevant registrations or additional disciplinary proceedings if a violation of this Stipulation and Order or the Act have occurred.
19. Registrant acknowledges and agrees 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 Registrant; and (c) upon entry of the attached Order, it is final and binding, and Registrant waives any right to a hearing and/or appeal of the attached Order or the Notice to Deny 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.
20. 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.
21. 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.

Jerry Allen Schutte  
Stipulation and Order for IAR Conditional Registration  
Complaint No. 328261  
Page 6 of 7

22. 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.

23. 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.

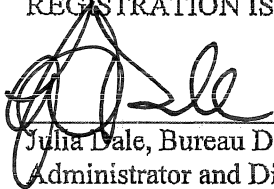
Through their signatures, Registrant and FCM agree to comply with the above terms and conditions.

|                       |  |
|-----------------------|--|
| Dated: <u>9/9/16</u>  | Signed: <br>Jerry Allen Schutte, Registrant  |
| Dated: <u>9/9/16</u>  | Signed: <br>Jonathan J. Swink, Registrant's Legal Counsel   |
| Dated: <u>9/21/16</u> | Signed: <br>Paul Damon, President<br>Family Capital Management   |
| Dated: <u>9.26.16</u> | Signed: <br>Timothy L. Teague<br>Securities & Audit Division Director<br>Corporations, Securities & Commercial Licensing<br>Bureau |

C. ORDER

NOW, THEREFORE, the Administrator ORDERS:

IN ACCORDANCE WITH THE FOREGOING FULLY EXECUTED STIPULATION  
REGISTRANT JERRY ALLEN SCHUTTE'S INVESTMENT ADVISER REPRESENTATIVE  
REGISTRATION IS CONDITIONALLY APPROVED.

A handwritten signature in dark ink, appearing to read 'Julia Dale', is written over a horizontal line.

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