

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

In the Matter of:

Complaint No. 333774

MEADOWBROOK INVESTMENT ADVISORS, LLC
CRD/IARD# 109960

Respondent.

Issued and entered
This 17th day of October, 2017

NOTICE AND ORDER TO CEASE AND DESIST

Julia Dale, the Director of the Corporations, Securities & Commercial Licensing Bureau (the “Administrator”), pursuant to her statutory authority and responsibility to administer and enforce the Michigan Uniform Securities Act (2002), 2008 PA 551, as amended, MCL 451.2101 *et seq.* (“Securities Act”), hereby orders Meadowbrook Investment Advisors, LLC (“Respondent”) to cease and desist from materially aiding its employee in violating the Securities Act’s investment adviser representative registration provision, and to cease and desist from failing to file with the Administrator a notice, a consent to service of process, and those records that have been filed with the United States Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940, contrary to the Securities Act. Respondent is also notified of the opportunity to request a hearing in this matter.

I. BACKGROUND

A. The Respondent

1. Meadowbrook Investment Advisors, LLC is a federal covered investment adviser registered with the SEC. Respondent submitted a notice-filing to the Administrator on or around July 20, 2017. Respondent has been registered with the SEC and operating as a federal covered investment adviser in Michigan since in or around August of 2000.

B. Findings of Fact

1. The Bureau conducted an investigation of Respondent's Activities.
2. The investigation developed evidence that Respondent has been acting as a federal covered investment adviser with a place of business in Michigan since in or around August of 2000, but that it failed to submit notice filings and associated fees to the Administrator until on or around July 20, 2017.
3. The investigation developed evidence that Respondent was responsible for submitting the relevant investment adviser representative registration application materials for its employee, Dale Brian Embry (CRD#4354547), but that Respondent failed to do so until after it was notified of the failure by Bureau staff.
4. Respondent has not identified any exemption, exception, preemption, or exclusion that relieved it of the requirement to submit notice filings to the Administrator in Michigan.

II. RELEVANT STATUTORY PROVISIONS

1. Section 102(f) of the Securities Act, MCL 451.2102(f), states:

“Federal covered investment adviser” means a person registered under the investment advisers act of 1940.

2. Section 102a(f) of the Securities Act, MCL 451.2102a(f), states:

“Investment adviser representative” means an individual employed by or associated with an investment adviser or federal covered investment adviser and who makes any recommendations or otherwise gives investment advice regarding securities, manages accounts or portfolios of clients, determines which recommendation or advice regarding securities should be given, provides investment advice or holds himself or herself out as providing investment advice, receives compensation to solicit, offer, or negotiate for the sale of or for selling investment advice, or supervises employees who perform any of the foregoing. The term does not include an individual who meets any of the following:

- (i) Performs only clerical or ministerial acts.

(ii) Is an agent whose performance of investment advice is solely incidental to the individual acting as an agent and does not receive special compensation for investment advisory services.

(iii) Is employed by or associated with a federal covered investment adviser, unless the individual meets any of the following:

(A) Has a "place of business" in this state as that term is defined in rule 203A-3 adopted under section 203A of the investment advisers act of 1940, 17 CFR 275.203A-3, and is an "investment adviser representative" as that term is defined in rule 203A-3 adopted under section 203A of the investment advisers act of 1940, 17 CFR 275.203A-3.

(B) Has a "place of business" in this state as that term is defined in rule 203A-3 adopted under section 203A of the investment advisers act of 1940, 17 CFR 275.203A-3, and is not a "supervised person" as that term is defined in section 202(a)(25) of the investment advisers act of 1940, 15 USC 80b-2.

(iv) Is excluded by rule or order under this act.

3. Section 404(1) of the Securities Act, MCL 451.2404(1), states:

A person shall not transact business in this state as an investment adviser representative unless the individual is registered under this act as an investment adviser representative or is exempt from registration as an investment adviser representative under subsection (2).

4. Section 405(3) of the Securities Act, MCL 451.2405(3), states:

A person acting as a federal covered investment adviser, not excluded under subsection (2), shall file a notice, a consent to service of process complying with section 611, and those records that have been filed with the securities and exchange commission under the investment advisers act of 1940 that are required by rule or order under this act and pay the fees specified in section 410(5).

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

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

6. Section 604 of the Securities Act, MCL 451.2604, states in part:

(1) If the administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act, or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act, the administrator may do 1 or more of the following:

(a) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act...

(4) In a final order issued under this section, the administrator may do any of the following:

(a) Impose a civil fine of not more than \$10,000.00 for a single violation of this act or a rule adopted or order issued under this act or \$500,000.00 for multiple violations.

III. CONCLUSIONS OF LAW

1. Respondent Meadowbrook Investment Advisors, LLC materially aided in violations of section 404(1) of the Securities Act, MCL 451.2404(1), by its investment adviser representative Dale Brian Embry when it failed to submit the relevant investment adviser representative registration application materials and failed to pay necessary registration fees for Mr. Embry.
2. Respondent Meadowbrook Investment Advisors, LLC has on numerous occasions failed to file with the Administrator a notice, a consent to service of process, and those records that have been filed with the United States Securities and Exchange Commission under the Investment Advisers Act of 1940, along with associated fees, contrary to section 405(3) of the Securities Act, MCL 451.2405(3).

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 materially aiding its employee to act as an unregistered investment adviser representative, and from failing to submit required notice filings and associated fees, 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 \$20,000.00 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

Procedural questions regarding the hearing request process may be directed to (517) 241-9212. Please note that the Bureau **cannot** provide legal advice or engage in settlement negotiations until a written request for hearing is received at the address identified above.

Notice & Order to Cease & Desist
Meadowbrook Investment Advisors, LLC (CRD/IARD#109960)
CN 333774

VI. ORDER FINAL ABSENT HEARING REQUEST

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

\$20,000.00 – Meadowbrook Investment Advisors, LLC,
under section 604 of the Securities Act, MCL 451.2604.

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

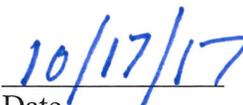
Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring
P.O. Box 30018
Lansing, MI 48909

- 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.

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



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



Date

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Meadowbrook Investment Advisors, LLC (CRD/IARD#109960)
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