



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

SHELLY EDGERTON
DIRECTOR

Complaint No. 329625

**ERIC RUSSELL TESCHKE
CRD NO. 6497121**

and

**LORADO CAPITAL LLC
IARD/CRD NO. 175484**

FINE PAYMENT INSTRUCTIONS

The FINE must be received by the Department on or before JUNE 27, 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.: 329625

Due: JUNE 27, 2017
Total Amount Due: \$1,000.00

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

In the matter of:

ERIC R. TESCHKE
CRD# 6497121

Complaint No. 329625

and

LORADO CAPITAL, LLC
IARD# 175484

Respondents.

_____ /

Issued and entered
This 28th day of April, 2017

Consent Order Resolving Notices and Orders to Cease and Desist

A. Recitals

1. Eric R. Teschke ("Teschke") has not previously been registered in as an investment adviser representative in Michigan.
2. Teschke submitted an incomplete application for registration as an investment adviser representative to the Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau (the "Department") on December 22, 2016.
3. Teschke passed the Series 65 examination on February 24, 2017; however, his application remains "Pending."
4. Teschke is assigned CRD No. 6497121.
5. Teschke is employed by and/or associated with, and is listed on Form ADV Part 1A as, the sole member and chief compliance officer of Lorado Capital, LLC (the "Firm"), IARD #175484, a Michigan-registered investment adviser firm since January 4, 2016.
6. The Department conducted an examination and investigation of the Firm in June 2016 and July 2016, respectively.
7. Teschke and the Firm (together, "Respondents") acknowledge that the investigation revealed that Respondents violated the Michigan Uniform Securities Act (2002) (the

“Act”), 2008 PA 551, MCL 451.2101 *et seq.*, as set forth in more detail in the Notices and Orders to Cease and Desist (“C&D Orders”), which the Director of the Department, as the Administrator of the Act (“Administrator”), issued and entered against them on July 19, 2016. Among other things, the C&D Orders notified Respondents that the Administrator intended to impose civil fines of \$10,000.00 against each respectively. The C&D Orders were immediately effective and notified Respondents of their opportunity for a hearing.

8. Teschke, the Firm, and the Department (collectively, the “Parties”) acknowledge and agree that a basis may exist, pursuant to Section 412 of the Act, MCL 451.2412, for the Administrator to deny Teschke’s application for registration as an investment adviser representative.
9. Respondents timely requested an administrative hearing on the C&D Orders, under MCL 451.2604. Prehearing conferences were held on November 1, 2016, and March 14, 2017, and an evidentiary hearing date was tentatively scheduled for May 15, 2017, with the Parties required to submit a written request to withdraw the hearing request by no later than 3:30 PM on May 12, 2017, if a settlement is reached.
10. The Parties cooperated and negotiated in good faith to resolve this matter. As a result of their negotiations, the Parties agreed to and recommend that the Administrator order a settlement of this matter based on the terms and conditions set forth below, through the entry of this Consent Order.

B. Agreement

Securities Act Compliance

1. Teschke agrees to complete his application for investment adviser representative registration by submitting an updated Form U4 disclosing this regulatory action within ten (10) calendar days after the mailing date of this Order.
2. Respondents agree to comply with the Act in connection with all future conduct and activities, including but not limited to ensuring that they are registered before engaging in activities that require a registration under the Act.

Reduced Civil Fine under Disciplinary Orders & Notices / Updating the CRD/IARD

3. Respondents, jointly and severally, agree to pay to the Department a reduced civil fine from the fines imposed in the C&D Orders, in the settlement amount of One Thousand and 00/100 Dollars (\$1,000.00) (the “Reduced Civil Fine”). Respondents agree to pay the Reduced Civil Fine within sixty (60) calendar days after entry of this Order. The Reduced Civil Fine shall be paid via cashier’s check or money order made payable to the

“State of Michigan,” contain identifying information (name and “Complaint No. 329625”), and be mailed to the Department at the following address:

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

4. If any portion of the Reduced Civil Fine is overdue for at least six (6) months, the Administrator may refer it to the Michigan Department of Treasury for collection action against Respondent.
5. Following entry of this Order and Teschke’s completion of his application for investment adviser representative registration, the Department will file Forms U6 reflecting the Parties’ resolution of the C&D Orders based on this Order and post a copy of this Order on the Department’s website.

Client Disclosure Letter, Form ADV

6. Within ten (10) calendar days after the mailing date of this Order, Respondents will send a copy of the Client Disclosure Letter in the form attached as Exhibit A to all clients with whom Teschke engaged in unregistered activity. As reflected on Exhibit A, Respondents will make diligent efforts to ensure that each affected client acknowledges receipt of the Client Disclosure Letter. Within thirty (30) calendar days after the mailing date of this Order, Respondents will provide written verification to the Department at the address indicated in Paragraph B.3 of: (a) the date(s) the Client Disclosure Letter was mailed or delivered to affected clients; (2) the total number of Client Disclosure Letters mailed or delivered to affected clients; (3) the total number of Client Disclosure Letters acknowledged by affected clients; and (4) the name of each affected client who has not yet acknowledged receipt of the Client Disclosure Letter, together with the reason(s) for the client’s lack of acknowledgment (if known) and the efforts made by Respondents to secure that client’s acknowledgment.
7. Respondents agree to update the Firm’s Form ADV1 and ADV2 and provide the Department copies at the address indicated in Paragraph B.3 of this Order within ten (10) days after the mailing date of this Order.

Additional Provisions

8. Respondents agree to comply with any reasonable investigative demands made by the Department in the future for purposes of ensuring compliance with this Order and/or Michigan securities laws.

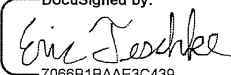
9. Respondents acknowledge and agree to consent to the timely withdrawal of the May 15, 2017, administrative hearing.
10. Respondents understand and intend that by signing this Consent Order, they are waiving the right, pursuant to the Act, the rules promulgated under the Act, the Uniform Securities Act (Predecessor Act), 1964 PA 264, MCL 451.501 *et seq.*, and the Administrative Procedures Act, 1969 PA 306, MCL 24.201 *et seq.*, to a hearing before an administrative law judge, at which the Department would be required to defend any disciplinary action taken by presentation of evidence and legal authority at which Respondents would be entitled to appear with or without an attorney to cross-examine all witnesses presented by the Department and to present such testimony or other evidence or legal authority deemed appropriate.
11. The Parties and the Administrator acknowledge and agree that Respondents neither admit nor deny any wrongdoing in connection with this matter and consent to the entry of this Order only for the purpose of resolving the C&D Orders in an expeditious fashion that avoids the time and expense associated with an administrative hearing and any resulting appeals.
12. Respondents 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 the Respondents under the Act; (b) deny any registration renewals; and (c) deny any future applications for registration, which shall be effective upon notice given by the Administrator or his designee with no opportunity for hearing. Respondents further acknowledge and agree that the Administrator may pursue any other available contractual, administrative, or judicial remedies to enforce this Order. Respondents 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 Order or the Act have occurred.
13. Respondents further acknowledge and agree that: (a) the Administrator has jurisdiction and authority to enter this Order; (b) the Order may be entered without any further notice to them; and (c) upon entry of the, it is final and binding, and Respondents waive any right to a hearing and/or appeal of the Order and the C&D Orders 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.

14. The Parties acknowledge and agree that this 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 Order may only be amended, modified, or supplemented by a duly executed writing signed by each party and approved by Order of the Administrator.

Through their signatures, Respondents agree to the above terms and conditions.

Dated: 4/24/2017

Signed: _____

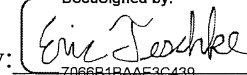
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Eric R. Teschke
Respondent

Dated: 4/24/2017

Signed: _____

Lorado Capital, LLC

DocuSigned by:

7066B1BAAE3C439

Eric R. Teschke

Its: Sole Member and Chief Compliance Officer

Approved by:

Dated: _____

Signed: _____

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

Through their signatures, Respondents agree to the above terms and conditions.

Dated: _____

Signed: _____

Eric R. Teschke
Respondent

Lorado Capital, LLC

Dated: _____

Signed: _____

By: _____
Eric R. Teschke

Its: Sole Member and Chief Compliance Officer

Approved by:

Dated: 4-26-17

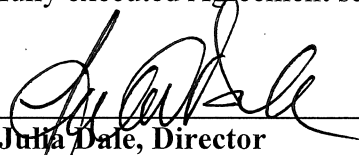
Signed: _____

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

C. Order

The Administrator NOW, THEREFORE, ORDERS:

The terms and conditions in this Consent Order are binding and effective, in accord with the fully executed Agreement set forth above.



Julia Dale, Director
Corporations, Securities & Commercial Licensing Bureau
(Administrator)

EXHIBIT A



Dear [NAME OF CLIENT]:

I hope all is well.

I write this letter to let you know that when my firm Lorado Capital, LLC ("Lorado") formed a partnership with Mills Value Managed Accounts ("MVA") it was to solicit clients to MVA. Lorado and MVA are both registered investment advisers.

The Investment Advisers Act of 1940 and the associated SEC rules do not require a solicitor to register as an investment adviser as long as the solicitor's activities are strictly limited to merely referring clients to a registered investment adviser in compliance with SEC Rule 206(4)-3. However, the majority of state securities regulators define the solicitation or referral of investment advisory clients as an investment advisory activity requiring the registration of the solicitor as an investment adviser or investment adviser representative.

While The Investment Advisers Act of 1940 and the associated SEC rules do not require a solicitor to register as an investment adviser, the state of Michigan defines the solicitation or referral of investment advisory clients as an investment advisory activity requiring the registration of the solicitor as an investment adviser

Although Lorado is a registered investment adviser, I, Eric Teschke, was not personally licensed as an investment adviser representative of Lorado at the time I solicited your account for MVA. Given that under Michigan's definition I was indeed required to be licensed as an investment adviser representative in order to engage in solicitation for your account, I wanted to acknowledge and apologize for the transgression. You may have rights under the Michigan Uniform Securities Act as a result of the unregistered solicitations and should discuss the issue with an attorney if you would like more information.

Enclosed please find the updated Form ADV Part 2A and Form ADV Part 2B disclosing additional details on this matter.

I take compliance responsibilities for Lorado seriously and as of February 24 I have passed my series 65 licensing exam and am procuring my individual registration with the State of Michigan. I encourage you to contact me if you have questions or would like to discuss further. The State of Michigan has also requested that I provide the Michigan Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau with acknowledgment of receipt of this Client Disclosure Letter, so I would request that you please confirm receipt at your earliest convenience.

Sincerely,
-Eric Teschke

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

In the Matter of:

Complaint No. 329625

ERIC R. TESCHKE
CRD# 6497121

Respondent.

Issued and entered
This 19th day of July, 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 Eric R. Teschke ("Respondent") to cease and desist from acting as an unregistered investment adviser representative, 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. Eric R. Teschke (CRD#6497121) is an individual who is employed by or associated with Lorado Capital, LLC (IARD#175484), a Michigan-registered investment adviser firm. Teschke has never been registered as an investment adviser representative pursuant to the Securities Act.

B. Findings of Fact

1. The Bureau conducted an investigation of Respondent's activities.
2. The investigation developed evidence that Respondent acted as an investment adviser representative for Lorado Capital, LLC. Lorado Capital, LLC's primary business as an investment adviser firm is to solicit for the

sale of investment advice for a different investment adviser, Mills Value Advisors, Inc. (IARD#105886), a Virginia-based investment adviser.

3. Respondent, through Lorado Capital, LLC, received compensation to solicit, offer, or negotiate for the sale of investment advice by Mills Value Advisors, Inc.
4. Respondent was not, nor has ever been, registered as an investment adviser representative in Michigan.
5. Respondent has not identified any exemptions, exceptions, preemptions, or exclusions from the Securities Act which would be applicable to the investment adviser representative services in which he engaged.

II. RELEVANT STATUTORY PROVISIONS

1. Section 102c(c) of the Securities Act defines "Security", in part, as:

[A] note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest in or based on the value of that put, call, straddle, option, or privilege on that security, certificate of deposit, or group or index of securities, put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, an investment in a viatical or life settlement agreement; or, in general, an interest or instrument commonly known as a "security"; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing...

2. Section 102a(e) of the Securities Act defines "Investment adviser", in part, as:

[A] person that, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or the advisability of investing in, purchasing, or selling securities or that, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities...

3. Section 102a(f) of the Securities Act defines “Investment adviser representative”, in part, as:

[A]n 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.

4. Section 404(1) of the Securities Act, MCL 451.2403(1), states:

An individual 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).

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

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

III. CONCLUSIONS OF LAW

1. Respondent falls within the Securities Act’s definition of “investment adviser representative” because he was employed by or associated with Lorado Capital, LLC, an investment adviser, and because Respondent, through Lorado Capital, LLC, solicited, offered, or negotiated for the sale of investment advice by Mills Value Advisors, Inc.
2. Respondent has engaged in investment adviser representative activities without the benefit of registration or a properly-claimed exemption from registration, in violation of section 404(1) of the Securities Act, MCL 451.2404(1).

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

V. NOTICE OF OPPORTUNITY FOR HEARING

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

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

VI. ORDER FINAL ABSENT HEARING REQUEST

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


\$10,000.00 – Eric R. Teschke, 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:

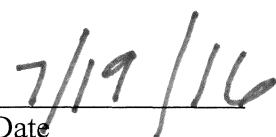
Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring
P.O. Box 30018
Lansing, MI 48909

- 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 Respondents 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. Respondents 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



Julia Dale
Director, Corporations, Securities &
Commercial Licensing Bureau



Date