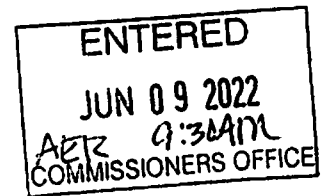


COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE ACTION NO. 2022-AH-0011



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

GARTON AND ASSOCIATES FINANCIAL ADVISORS, LLC
d/b/a ADVANTAGE INVESTMENT MANAGEMENT

RESPONDENT

AGREED ORDER

PARTIES

1. The Kentucky Department of Financial Institutions (“the Department”) is responsible for administering the provisions of KRS Chapter 292, the Securities Act of Kentucky (“the Act”), as well as any applicable rules, regulations, and orders entered pursuant to the Act.

2. Respondent, Garton and Associates Financial Advisors, LLC d/b/ Advantage Investment Management (CRD# 146493) (hereinafter referred to as “AIM”), is a Kentucky limited liability company with its principal office at 800 Glenview Pointe Business Center, 2319 Lime Kiln Lane, Suite A, Louisville, KY 40222.

STATEMENT OF FACTS

3. On October 14 - 15, 2020, the Department performed a routine compliance examination upon AIM. The Department determined the following information during its examination.

4. The Department identified certain deficiencies in AIM’s financial records, balance sheets, and general ledger during its examination.

5. The Department previously alerted AIM to similar deficiencies in Respondent’s financial records when the Department issued its Statement of Findings letters at the conclusion of five (5)

prior examinations: June 16, 2005; October 8 – 9, 2008; October 13, 2011; October 17 – 18, 2016; and October 24 – 25, 2018.

STATUTORY AUTHORITY

6. KRS 292.310(11) states,

“Investment adviser” means any person who, for compensation, directly or indirectly, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities.

7. 808 KAR 10:110 Section 1(1) states,

(1) Pursuant to KRS 292.336(1)(a), an investment adviser who maintains his principal place of business in Kentucky shall:

(a) Meet the recordkeeping requirements established in 15 U.S.C. 80b-3; and

(b) Maintain his books and records in accordance with the applicable federal regulations, including 17 C.F.R. 275.204-2.

(2) The requirements established in subsection (1) of this section shall apply to an investment adviser subject to the provisions of KRS Chapter 292.

(3) The commissioner may upon application for good cause shown relieve an investment adviser of compliance with the requirements established in subsection (1) of this section if the action is in the public interest.

8. KRS 292.470 states, in pertinent part,

Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order under this chapter, the commissioner may in his or her discretion bring any or all of the following remedies:

...

(3) Issue a final order, after notice and an opportunity for a hearing, containing findings of fact and conclusions of law, directing any person or persons found to have engaged in, or about to be engaged in, activity that constitutes a violation of this chapter or any rule or order under this chapter:

(a) To cease and desist from the activity;

(b) To perform any other reasonable mandates directed by the commissioner pursuant to an appropriate remedy fashioned by the

commissioner and reasonably calculated to carry out the provisions of this chapter; or

(c) To pay fines assessed under KRS 292.500(14) and costs assessed under KRS 292.500(15).

9. KRS 292.500(5) and (14) state,

(5) The commissioner may by administrative regulation or order prescribe the form and content of financial statements required under this chapter and the circumstances under which consolidated financial statements shall be certified by certified public accountants. All financial statements shall be prepared in accordance with generally accepted accounting standards.

(14) The commissioner may impose civil fines against any person who violates any provision of this chapter or any rule or order or voluntary agreement entered into under this chapter. The fine shall not exceed twenty thousand dollars (\$20,000) per violation, except when the violation is directed at or results in monetary damage to one (1) or more individuals who are sixty (60) years of age or older, the commissioner may impose an additional fine not to exceed twenty thousand dollars (\$20,000) per violation. Each act or transaction which violates this chapter or administrative regulation, or orders or agreements entered into under this chapter, shall constitute a separate violation. Any employer or principal shall be jointly and severally liable for fines imposed in connection with the conduct of employees or agents.

VIOLATIONS

10. Several of AIM's financial statements were not prepared in accordance with generally accepted accounting principles (GAAP), which is in contravention of KRS 292.500(5).

11. Discrepancies in AIM's financial statements present a failure to maintain true, accurate, and current financial statements as set forth in 17 C.F.R. 275.204-2(a)(6), which is in contravention of 808 KAR 10:110, Section 1(1).

AGREEMENT AND ORDER

12. To resolve this matter without litigation or other adversarial proceedings, the Department and AIM agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein;

13. In the interest of economically and efficiently resolving the violations described herein, it is hereby **AGREED** and **ORDERED**:

i. Respondent, AIM, agrees to pay a civil fine in the amount of **two thousand dollars (\$2,000)** for the violations described herein, which shall be due and payable within thirty (30) days of the entry of this Order;

ii. All payments under this Order shall be in the form of an ACH payment made via secure website, pursuant to instructions provided to Respondent, or by a certified check or money order made payable to “Kentucky State Treasurer” and mailed to the Department of Financial Institutions, Securities Division, 2022-AH-0011, 500 Mero Street, Frankfort, Kentucky 40601;

iii. Respondent shall cease and desist from any future violations of the Securities Act of Kentucky;

iv. Respondent agrees to remedy the above-referenced deficiencies and maintain accurate financial records, balance sheets, and general ledger.

v. Respondent waives the right to demand a hearing at which it would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on its behalf, or to otherwise appeal or set aside this Agreed Order;

vi. Respondent consents to and acknowledges the jurisdiction of the Department over this matter and that this Agreed Order is a matter of public record and may be disseminated as such;

vii. In consideration of execution of this Agreed Order, Respondent for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the Department, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that Respondent ever had, now has, may have or claim to have against any or all

of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration;

viii. By signing below, the parties acknowledge they have read the foregoing Agreed Order, know and fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties; and

ix. This Agreed Order shall constitute a Final Order in this matter.

SO ORDERED on this the 8th day of June, 2022.

Charles A. Vice

CHARLES A. VICE
COMMISSIONER

CAV

Consented to:

On behalf of the Department of Financial Institutions,

This 8th day of June, 2022.

Marni Rock Gibson

Director, Division of Securities
Department of Financial Institutions

and

On behalf of Advantage Investment Management,

This 6th day of June, 2022.

Don Garton

Don Garton
Advantage Investment Management

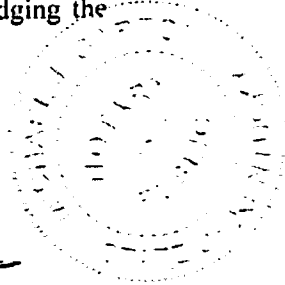
ACKNOWLEDGEMENT

STATE OF Kentucky)
)
COUNTY OF Jefferson)

On this the 6th day of June, 2022, Don Garton, in my presence, acknowledged himself to be the authorized representative Advantage Investment Management and, being authorized to do so, did enter into and execute the foregoing instrument on behalf of Advantage Investment Management, for the purposes therein contained, acknowledging the same.

My Commission Expires: 08/29/2023

Michael J. [Signature]
Notary Public



CERTIFICATE OF SERVICE

gm I certify that a true and correct copy of the foregoing Agreed Order was sent on this the 7 day of June, 2022 by the method indicated below to the following:

Via certified mail, return receipt requested:

Donald Garton, Managing Member
ADVANTAGE INVESTMENT MANAGEMENT
Glenview Pointe Business Center
2319 Lime Kiln Lane, Suite A
Louisville, KY 40222
Representative on behalf of Respondent

Via electronic delivery:

Brandon Adcock, Staff Attorney III
DEPARTMENT OF FINANCIAL INSTITUTIONS
500 Mero Street
Frankfort, KY 40601
brandon.adcock@ky.gov
Counsel for Department of Financial Institutions

Kentucky Department of Financial Institutions

Name: *Allison Reid*

Title: *Executive Staff Advisor*