

COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2014-AH-000 131

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

**AGREED ORDER**

LIGHTHOUSE CAPITAL MANAGEMENT, LLC

RESPONDENT

\*\*\*\*\*

**STATEMENT OF FACTS**

1. The Kentucky Department of Financial Institutions ("DFI"), is responsible for administering the provisions of Kentucky Revised Statutes (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. Lighthouse Capital Management, LLC ("Lighthouse") (CRD # 145701) is an investment adviser whose principal office is located at 242 Kings Road, Lewisburg, Kentucky 42256.

3. Robert Mathews ("Mathews") (CRD # 2362365) is Lighthouse's managing member and an investment adviser representative of Lighthouse, authorized to do business in Kentucky.

4. On November 6, 2013, DFI conducted a routine investment adviser examination of Lighthouse. During the examination, Lighthouse provided its monthly Balance Sheets and Monthly Capital Computations to DFI and these documents showed Lighthouse's net worth was below \$10,000.00 for nine months during the years 2012 and 2013.

5. During the relevant time period, Lighthouse had discretionary authority over its clients' funds or securities and its assets under management were \$25,000,000.00 or less.

6. Lighthouse did not notify DFI that Lighthouse was in violation of the minimum required capital for discretionary authority (\$10,000.00) for the months identified above.

### **STATUTORY AUTHORITY**

7. Pursuant to 808 KAR 10:200, section 3(3)(a), an investment adviser with assets under management under \$25,000,000.00 who has discretionary authority over client funds or securities must maintain a minimum net worth of \$10,000.00.

8. Pursuant to 808 KAR 10:200, section 3(7), an investment adviser must notify the Commissioner by facsimile or electronic mail by the close of business on the next business day following determination of the net worth deficiency.

9. The Commissioner possesses a range of administrative authority in addressing violations of the Act, including the imposition of fines up to twenty thousand dollars (\$20,000.00) for each violation of the Act. See KRS 292.470 and KRS 292.500.

10. The Commissioner finds that this Agreed Order is in the public interest.

### **CONCLUSIONS OF LAW**

11. Lighthouse violated 808 KAR 10:200, section 3(3)(a).

12. Lighthouse violated 808 KAR 10:200, section 3(7).

### **AGREEMENT AND ORDER**

13. In the interest of economically and efficiently resolving this matter, the DFI, and Lighthouse agree as follows:

a. Lighthouse agrees to a fine assessment in the amount of Two Thousand Dollars (\$2,000.00);

b. The fine shall be due when Lighthouse signs the Agreed Order and returns it to the DFI. Payment shall be in the form of a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Securities Division - Order, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601;

c. Lighthouse agrees to devote the time and resources to ensure compliance with all statutory requirements set forth in the Act and the regulations set forth in 808 KAR 10.

14. Lighthouse waives its 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 own behalf, or to otherwise appeal or set aside this Order.

15. Lighthouse consent to and acknowledges the jurisdiction of the DFI over this matter and that this Order is a matter of public record and may be disseminated as such.

16. In consideration of the execution of this Agreed Order, Lighthouse, for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the DFI, 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 Lighthouse ever had, now have, 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.

17. 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.

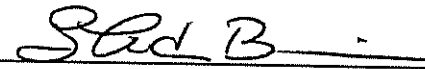
IT IS SO ORDERED this 6<sup>th</sup> day of October, 2014.

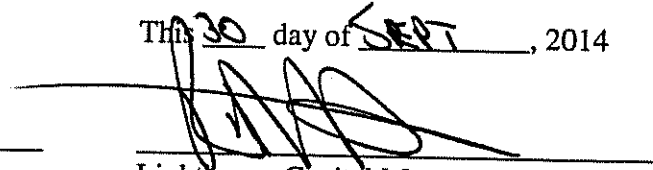
  
\_\_\_\_\_  
CHARLES A. VICE  
COMMISSIONER

Consented to:

This 6 day of October, 2014

This 30 day of SEPT, 2014

  
\_\_\_\_\_  
Shonita Bossier, Director  
Division of Securities  
Department of Financial Institutions

  
\_\_\_\_\_  
Lighthouse Capital Management, LLC  
By its Managing Member, Robert Mathews

**ACKNOWLEDGEMENT**

STATE OF Kentucky

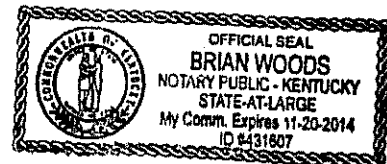
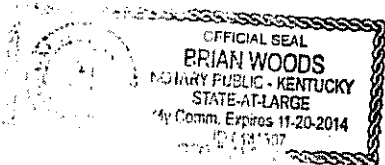
COUNTY OF Warren

On this 30<sup>th</sup> day of September, 2014, before me Brian Woods,  
Notary Public, the undersigned, **Robert Mathews**, did personally appear and acknowledge his identity and acknowledged himself to be the Managing Member of Lighthouse Capital Management, LLC, and that he, being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.

My Commission Expires: 11/20/2014

  
\_\_\_\_\_  
Notary Public

Notary Public



**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of this Agreed Order was served by certified mail, return receipt request, on:


Lighthouse Capital Management, LLC  
Robert Mathews, Managing Member  
242 Kings Road  
Lewisburg, Kentucky 42256

AND

By hand-delivery to:

Hon. Gary W. Adkins  
Kentucky Department of Financial Institutions  
1025 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601

On this 6th day of October, 2014.

  
Mallory K. McDonald  
Kentucky Department of Financial Institutions  
1025 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601