ENTERED
FEB 06 2019
AGR 8:30AM
COMMISSIONERS OFFICE

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2019-AH-00003

DEPARTMENT OF FINANCIAL INSTITUTIONS **COMPLAINANT**

vs. **AGREED ORDER**

MACKHOUSE CAPITAL, LLC **RESPONDENT**

****

FACTUAL BACKGROUND

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 and regulations enacted thereunder.

2. Mackhouse Capital, LLC, IA 156, Firm CRD# 146350, (hereafter "Mackhouse") is a registered investment advisor with a business address of 9000 Corporate Campus Drive, Suite 3000, Louisville, KY 40223.

3. DFI conducted a routine examination of Mackhouse beginning February 28, 2018. During the examination, DFI discovered that Mackhouse had deficiencies that needed to be addressed.

4. The February 28, 2018 examination by DFI identified the following deficiencies that resulted in violations of Kentucky Securities Regulations:

a. Mackhouse failed to maintain a positive net worth at all times as required by 808 KAR 10:200 Section 3(4),

b. Mackhouse failed to notify the commissioner of its net worth deficiency pursuant to 808 KAR 10:200 Section 3(7).

5. Based upon the facts as set forth in paragraphs three (3) and four (4), the DFI alleged that Mackhouse violated the provisions as stated above.

6. The DFI possesses a range of administrative authority in addressing compliance with the Act, including the ability to enter into Agreed Orders. (See KRS 292.500)

7. To resolve this matter without litigation or adversary proceedings, the DFI, and Mackhouse agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein.

ACTIONS FOR COMPLIANCE AND SETTLEMENT

The DFI and Respondent, in the interest of economically and efficiently resolving this matter, agree as follows:

8. Respondent shall comply with the Act.

9. Respondent 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 their behalf, or to otherwise appeal or set aside this Agreed Order.

10. Respondent consents to and acknowledges the jurisdiction of the DFI over this matter. This Order is a matter of public record and may be disseminated as such.

11. In consideration of the execution of this Agreed Order, Respondent 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 Respondent 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 settlement.

12. Respondent agrees to pay a fine in the amount of One Thousand Five Hundred dollars ($1,500.00) as full settlement of this matter.

13. Respondent agrees to pay the fine in six (6) monthly installments of $250. The first installment shall be due upon entry of the Agreed Order. Each subsequent installment will be due on or before the thirtieth (30th) day of the month, with the second payment due February 28th, 2019. The payments shall be in the form of a certified check or money order made payable to the "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Securities Division, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601. Failure to do so shall render the agreement void.

14. 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. This Agreed Order shall constitute the final resolution of this matter.

AGREED on this the 5th day of Feb, 2019.

CHARLES A. VICE
COMMISSIONER

Consented to:

~~This 30th day of January, 2019.~~ This 5th day of February, 2019.

Marni R. Gibson, Director
Division of Securities
Department of Financial Institutions

AND

This 30th day of January, 2019

Mr. John M. House
Authorized Representative
Mackhouse Capital, LLC

ACKNOWLEDGEMENT

STATE OF Kentucky)
)
COUNTY OF Bullitt)

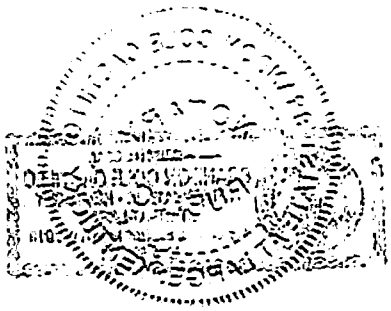
On this the 30th day of January, 2019, before me ~~John M. House, Jr.~~ Brandon Cole Castillo, BC the undersigned John M. House, Jr, did personally appear and acknowledge himself/herself to be the authorized representative of Mackhouse Capital, LLC and that being authorized to do so did enter into and execute the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: 3/9/19

Notary Public

OFFICIAL SEAL
BRANDON COLE CASTILLO
NOTARY PUBLIC - KENTUCKY
STATE-AT-LARGE
My Comm. Expires March 9, 2019
ID # 529431



Certificate of Service

I, Allison Reed, hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 6 day of February 2019, by first class mail to:

Mr. John M. House
Managing Member
Mackhouse Capital, LLC
P.O. Box 5010
Louisville, KY 40255

And hand delivered to:

Kathryn Adams-Cornett, Attorney
Kentucky Department of Financial Institutions
1025 Capitol Center Drive, Suite 200
Frankfort, KY 40601

Allison Reed
KY Department of Financial Institutions
Name: Allison Reed
Title: Executive Staff Advisor