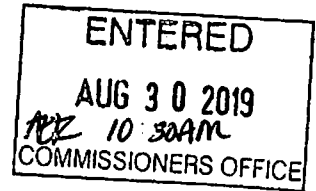


COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2019-AH-00051



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

**AGREED ORDER**

LEIF CLARKE WEALTH MANAGEMENT

RESPONDENT

**FACTUAL BACKGROUND**

1. The Department of Financial Institutions (“DFI”) is the agency within Kentucky state government charged with enforcement of the provisions of Kentucky Revised Statutes (“KRS”) Chapter 292 (the “Securities Act of Kentucky”) and the rules and regulations enacted thereunder.

2. Leif Clarke Wealth Management (hereinafter “Clarke”) is a Kentucky corporation; its principal office is located at 2165 Carter Avenue, Ashland, Kentucky 41101.

3. DFI’s Division of Securities (“Division”) conducted a routine examination of Clarke on March 27 and 28, 2018.

4. The March 27 and 28, 2018 exam identified the following deficiencies that resulted in violations of the Securities Act of Kentucky:

- a. Clarke failed to maintain current and accurate financial statements in accordance with generally accepted accounting principles (GAAP) on an accrual basis, as required by KRS 292.500 and 808 Kentucky Administrative Regulation (KAR) 10:110, a recurring violation;

- b. Clarke failed to maintain written evidence of the assets under management (AUM) at each month end as required by 808 KAR 10:200 Section 3(6), a recurring violation;
- c. Clarke failed to maintain two properly executed, written agreements with clients in violation of 808 KAR 10:450 Section 2(18);
- d. Clarke failed to charge fees in accordance with the monthly fee formula disclosed in the Advisory Agreement and on the itemized fee invoices provided to clients by not computing the actual number of days in each quarter which varied from time to time by a few days in violation of 808 KAR 10:450 Section 2(8)(b), a recurring violation;
- e. Clarke violated 808 KAR 10:030 Section 5(b) which requires investment advisors to annually deliver to each client, within 120 days after the end of the advisor's fiscal year, and without charge: (1) a current brochure, or (2) the summary of the material changes to the brochure as required by Item 2 of Form ADV, Part 2A, a recurring violation.

5. Based on the facts set forth in paragraph four (4) above, the DFI alleged that Clarke violated the provisions as stated above, but found no violations involving fraud.

6. The DFI possesses a range of administrative authority in addressing compliance with the Securities Act of Kentucky, 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 Clarke 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, and without Respondent admitting or denying the statements of fact and legal conclusions herein, including but not limited to those in paragraph four (4) above, DFI and Respondent agree as follows:

8. Clarke agrees that it will ensure compliance with all statutory requirements set forth in the Securities Act of Kentucky, and the regulations set forth in 808 KAR Chapter 10.

9. Clarke agrees to send quarterly reports for one year to DFI's Securities Compliance Branch, which include financial statements (i.e., balance sheets, incomes statements and general ledgers), net worth computations, fee calculations (i.e., fee spreadsheets), and copies of any new advisory agreements into which Clarke has entered.

10. 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 its behalf, or to otherwise appeal or set aside this Agreed Order.

11. 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.

13. 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 the Respondent has or may have against any or all of the persons or entities named in this paragraph arising out of or by reason of this settlement.

14. Clarke agrees to a fine assessment in the amount of Twenty-Five Hundred Dollars (\$2,500) which shall be due at the time this Agreed Order is executed. Clarke shall pay the fine 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: Division of Securities, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601;

15. DFI acknowledges and agrees that this Agreed Order concludes, and fully and finally resolves, any and all pending investigations of Clarke, and that this Agreed Order shall serve as the Final Order.

16. 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 on this the 30<sup>th</sup> day of August, 2019.

*Maui R. Giblin*, Deputy  
Charles A. Vice, Commissioner *Commissioner*  
*for Charles*  
*U. Vice*

Consented to:  
This 29<sup>th</sup> day of August, 2019

Brad K. Harlan  
Director  
Division of Securities  
Department of Financial Institutions

Consented to:  
This 21<sup>st</sup> day of August, 2019

Leif E. Clarke  
Authorized Representative for  
Leif Clarke Wealth Management, Inc.  
IA-136, CRD# 146369

**ACKNOWLEDGEMENT**

STATE OF KENTUCKY )  
 )  
COUNTY OF BOYD )

On this the 21<sup>st</sup> day of AUGUST, 2019, before me ANDREA D. PARSONS, the undersigned, LEIF E. CLARKE, did personally appear and acknowledge himself/herself to be the authorized representative of Leif Clarke Wealth Management, Inc. and that they, being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: 05-02-2023

Andrea D. Parsons  
Notary Public ID # 622569

**CERTIFICATE OF SERVICE**


I hereby certify that a copy of the foregoing Agreed Order was sent by certified United States mail, return receipt requested, on this the 30<sup>th</sup> day of August, 2019, to the following:

Leif Clarke, President  
Leif Clarke Wealth Management, Inc.  
2165 Carter Avenue  
Ashland, Kentucky 41101

Kimberly McCann, Attorney  
1544 Winchester Avenue, Fifth Floor  
P.O. Box 1111  
Ashland, Kentucky 41105-1111

By hand delivery to:

Christine Foster  
Staff Attorney  
Department of Financial Institutions  
1025 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601

  
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Allison Reed  
Department of Financial Institutions