

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DIVISION OF SECURITIES
ADMINISTRATIVE ACTION NO. 2022-AH-0022



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

PAIDEMOYO BRIAN CHARASIKA

RESPONDENT

AGREED ORDER

PARTIES

1. 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 Paidemoyo Brian Charasika is a formerly registered investment adviser representative in Kentucky, Central Registration Depository (“CRD”) #4091183. His most recent home address reflected in the most recent FINRA Form U4 (“Uniform Application for Securities Industry Registration or Transfer”) that he filed with the Department is 2515 Brighton Drive, Louisville, Kentucky 40205.

STATEMENT OF FACTS

3. On September 28, 2022, the Department filed an Administrative Complaint against Charasika commencing this administrative action, number 2022-AH-0022.

4. On November 4, 2022, the Department filed a First Amended Administrative Complaint, comprising the operative complaint in this matter. That First Amended Administrative Complaint alleged the following facts, which Charasika by the signing of this Agreed Order neither admits nor denies:

5. Charasika has been repeatedly registered with the Department in the past as both a broker-dealer agent and an investment adviser representative. Charasika was registered with the Department as an investment adviser representative with American Capital Management, Inc. (“ACM”) until that firm filed a Form U5 on October 28, 2022 reflecting his separation from that firm.

6. Charasika was also a licensed nonresident insurance producer in Indiana, previously holding license number 450648. On September 10, 2018, the Indiana Department of Insurance permanently revoked Charasika’s Indiana insurance producer license for failing to pay a \$500 fine imposed by the Indiana Department of Insurance.

7. On January 28, 2021, Charasika’s then-employer, ACM, filed a Form U4 (the “ACM Form U4”), applying to register Charasika with that firm as an investment adviser representative. On October 28, 2022, ACM filed a Form U5 to terminate Charasika’s registration with that firm.

8. On August 24, 2022, Copperwood Financial, Inc. (“Copperwood”) filed a Form U4 (the “First Copperwood Form U4”) to register Charasika as an investment adviser representative with that firm. On September 2, 2022, Copperwood filed a Form U5 to withdraw Charasika’s registration application with that firm.

9. On November 1, 2022, Copperwood filed a new Form U4 to register Charasika with that firm (the “Second Copperwood Form U4”). Charasika utilized the services of AdvisorLaw, a company that provides compliance consulting support to investment adviser representatives, in completing the Second Copperwood Form U4.

STATUTORY AUTHORITY

10. Under KRS 292.331(1) and 808 KAR 10:010, Form U4 (in 808 KAR 10:010 Section 1(2) called “Form U-4”) “shall be completed to . . . [r]egister as an . . . investment adviser representative in Kentucky.”

11. Under KRS 292.337(1), “[t]he commissioner may deny, refuse to renew, suspend, or revoke the registration of any broker-dealer, agent, investment adviser, or investment adviser representative . . . for any reason set forth in subsection (2) of this section.”

12. Under KRS 292.337(2),

the commissioner shall find that it is in the public interest and further find that the applicant or registrant . . .

(a) Has filed an application for registration under this chapter which, as of its effective date, or as of any date after filing in the case of an order denying effectiveness, was incomplete in any material respect or contained any statement which was, in the light of the circumstances under which it was made, false or misleading with respect to any material fact[.]

13. 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: . . .

(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).

14. KRS 292.500(14) states, in pertinent part,

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[.] . . . 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.

VIOLATIONS

15. Pursuant to KRS 292.337, the Commissioner may suspend the registration of an investment adviser representative if they “filed an application for registration . . . which, as of its effective date, . . . was incomplete in any material respect or contained any statement which was, in the light of the circumstances under which it was made, false or misleading with respect to any material fact.”

16. The Department alleges that Charasika violated KRS 292.337(2)(a) by the following acts:

- a. Failing to disclose the revocation of his Indiana insurance producer’s license on the ACM Form U4;
- b. Failing to disclose his second bankruptcy petition (United States Bankruptcy Court for the Western District of Kentucky, Case no. 18-33201-thf), which petition Charasika later withdrew, on the ACM Form U4;
- c. Failing to disclose his second bankruptcy petition on the First Copperwood Form U4;
- d. Failing to make a disclosure on the First Copperwood Form U4 and Second Copperwood Form U4 required by Question 14A(1)(b) of Form U4; and

- e. Failed to amend his previously filed Form U4s to include the above-mentioned disclosures.

AGREEMENT AND ORDER

17. Charasika neither admits nor denies the factual allegations made by the Department. However, to resolve this matter without further litigation or other adversary proceedings, the Department and Charasika agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein.

18. In the interest of economically and efficiently resolving the violations described herein, the Department and Charasika hereby agree as follows:

- a. The Department shall grant Copperwood's pending application, filed November 1, 2022, to register Charasika as an investment adviser representative with that firm;
- b. Charasika's registration as an investment adviser representative shall be immediately suspended for a period of thirty (30) days from the date of entry of this Agreed Order;
- c. Charasika agrees to pay a civil fine in the amount of \$2,000.00, which shall be due and payable within thirty days of the date of entry of this Agreed Order;
- d. All payments under this Agreed Order shall be in the form of an ACH payment made via secure website, pursuant to instructions provided to Charasika, or a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Securities Division, 2022-AH-00022, 500 Mero Street, 2 SW 19, Frankfort, Kentucky 40601;

e. Charasika agrees to be subject to a twelve-month period of heightened supervision immediately following the end of the term of registration suspension, to include the following requirements:

- i. That Charasika's files be reviewed and work as an investment adviser representative supervised regularly by another investment adviser representative, preapproved by the Department;
- ii. That the approved supervisor complete for the Department a compliance review form every month during the period of heightened supervision;
- iii. That the approved supervisor meet virtually with Charasika every two months during the period of heightened supervision to discuss Charasika's files and his work as an investment adviser representative and any concerns and to provide an opportunity for questions;
- iv. Charasika shall, within thirty days of the entry of this Agreed Order, submit an updated U4 disclosing both bankruptcy petitions, the revocation of his Indiana insurance producer's license, his having been charged with a felony, and the fact of this administrative action and the existence and substance of this Agreed Order; and
- v. Charasika shall cease and desist from any further violations of the Act.

19. The Department agrees to take no further action against Charasika on the basis of the facts developed in its investigation and underpinning its First Amended Administrative Complaint, and the parties consent to the dismissal of this administrative action upon the terms stated herein.


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

21. In consideration of the execution of this Agreed Order, Charasika for himself, and for his successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the Department, the 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 Charasika 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.

22. 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.

23. This Agreed Order shall constitute the Final Order in this matter.

IT IS SO ORDERED on this the 2nd day of December, 2022.



JUSTIN BURSE
COMMISSIONER

Consented to:

On behalf of the Department of Financial Institutions,

This 2nd day of December, 2022.

Marni Rock Gibson

MARNI ROCK GIBSON
Acting Deputy Commissioner
Department of Financial Institutions

AND

On his own behalf,

This 1st day of December, 2022.

Paidemoyo Brian Charasika

Paidemoyo Brian Charasika
Respondent

ACKNOWLEDGEMENT

STATE OF Kentucky)

COUNTY OF Franklin)

On this the 1st day of December, 2022, before me Michelle Seivers-Morris

Paidemoyo Brian Charasika personally appeared and acknowledged himself to be the Respondent named herein and acknowledged that he entered into and executed the foregoing instrument for the purposes therein contained.

My commission expires: July 2, 2025

MICHELLE T. SEIVERS-MORRIS
NOTARY PUBLIC
STATE AT LARGE
KENTUCKY
NOTARY ID# KYNOP32612
MY COMMISSION EXPIRES JULY 2, 2025

M. Seivers-Morris

Notary Public

CERTIFICATE OF SERVICE

I, Victoria Word, hereby certify that a copy of the foregoing Agreed Order was sent on this the 2 day of December, 2022, by certified mail, return receipt requested, to the following:

Paidemoyo Brian Charasika
2515 Brighton Drive
Louisville, Kentucky 40205

And by electronic delivery to:

Michael Barnett
Staff Attorney
Department of Financial Institutions
500 Mero Street
2 SW 19
Frankfort, Kentucky 40601
michael.barnett@ky.gov

Department of Financial Institutions

Name: Allison Reed by Victoria Word

Title: Executive Staff Advisor