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ARKANSAS SECURITIES DEPT.

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. S-09-042

IN THE MATTER OF:

ORDER NO. S-09-042-09-CO01

JOHNSON STRATEGIC
INVESTMENT ADVISORS, LLC
AND RICHARD JOHNSON

RESPONDENTS

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Securities Act ("Act"), Ark. Code Ann. §§ 23-42-101 through 23-42-509, the Rules of the Arkansas Securities Commissioner ("Rules"), and the Arkansas Administrative Procedures Act, Ark. Code Ann. §§ 25-15-101 through 25-15-219, in accordance with an agreement by and between the Staff of the Arkansas Securities Department ("Staff") and Respondents Johnson Strategic Investment Advisors, LLC, IARD # 139700, ("JSIA") and Richard C. Johnson, CRD # 702768, ("Johnson") in full and final settlement of all claims that could be brought against JSIA and Johnson by the Staff on the basis of the facts set forth herein.

The Respondents admit the jurisdiction of the Act and the Arkansas Securities Commissioner ("Commissioner"), waive their right to a formal hearing and without admitting or denying the findings of fact made herein, consent to the entry of this order and agree to abide by its terms.

FINDINGS OF FACT

1. JSIA is an investment adviser located in Russellville, Arkansas. According to the records of the Arkansas Securities Department ("Department"), JSIA became

registered with the Department as a state registered investment adviser on April 12, 2007 and remains registered at this time.

2. Johnson is listed on Form ADV as the managing member and chief compliance officer of JSIA. Johnson is registered as the sole representative of JSIA and is also registered as a broker-dealer agent with First Allied Securities, Inc., a broker-dealer with its home office in San Diego, California.

3. The Staff conducted an examination of JSIA in August 2007. In September 2007 JSIA was notified of several deficiencies regarding operations that were not in compliance with the Act and Rules. The Staff's September 2007 letter to JSIA noted deficiencies that included:

- a) no executed investment advisory contracts for existing clients or other documents in files of the investment adviser; and
- b) subscription documents for clients that invested in the hedge fund managed by JSIA, The Johnson Strategic Blue chip Fund, L.P., were incomplete and appeared to be missing pages.

4. A letter received by the Staff on September 24, 2007 from JSIA represented that JSIA had either addressed or had a plan to address all of the deficiencies noted by the Staff pursuant to the August 2007 examination.

5. On June 29, 2009 and July 9, 2009 the Staff conducted a second examination of JSIA. This examination disclosed that the client files had not been completed and maintained as JSIA had represented following the 2007 exam. The Staff's 2009 exam disclosed the following continuing deficiencies regarding client files of the registrant:

- a) client files contained no investment advisory contracts; and

b) client files were missing limited partnership agreements, amendments to limited partnership agreements, trust documents, and corporation documents.

CONCLUSIONS OF LAW

6. The failure by JSIA and Johnson to make and keep required books and records as described above in ¶¶ 3-5 constitutes violations of Rule 306.02(A)(10) which requires the investment adviser to make and maintain all written agreements entered into by the investment adviser with any client.

7. Pursuant to Section 23-42-308(a)(2)(B) of the Act, the Commissioner may by order suspend or revoke any registration if he finds that the investment adviser or partner or officer controlling the investment adviser has willfully violated or willfully failed to comply with any provision of the Act or any Rule or order under the Act.

8. Pursuant to Section 23-42-308(g) of the Act, the Commissioner may for each violation of the Act fine any investment adviser or representative an amount not to exceed ten thousand dollars (\$10,000).

9. Pursuant to Section 23-42-308(h) the Act permits the informal disposition of an allegation by consent order.

ORDER

By agreement and with the consent of the Staff and the managing member of Johnson Strategic Investment Advisors, LLC, Richard C. Johnson, and Richard C. Johnson, individually, it is hereby ordered that Johnson Strategic Investment Advisors, LLC and Richard C. Johnson shall comply with provisions of the Act and Rules by immediately bringing into compliance all books and records deficiencies noted by the Staff in its October 9, 2009 letter to Mr. Johnson.

It is also ordered that Johnson Strategic Investment Advisors, LLC and Richard C. Johnson shall pay a fine in the amount of three thousand dollars (\$3,000) to the Arkansas Securities Department. The payment of said fine shall be made to the Arkansas Securities Department within thirty calendar days of the date of this order.

IT IS SO ORDERED.

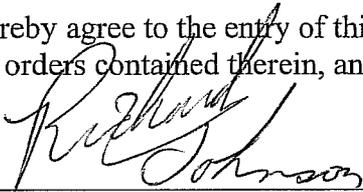


A. HEATH ABSHURE
Arkansas Securities Commissioner

December 14, 2009

DATE

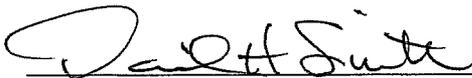
I hereby agree to the entry of this Consent Order, and consent to all terms, conditions, and orders contained therein, and waive any right to an appeal of this order.



RICHARD C. JOHNSON
Managing Member
Johnson Strategic Investment Advisors, LLC

12-11-09

DATE



DAVID H. SMITH
Chief Counsel
Arkansas Securities Department

12-14-2009

DATE