

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

Case No. S-18-0059

Order No. S-18-0059-21-OR02

IN THE MATTER OF
SECURITY ASSET MANAGEMENT, LLC and
WILLIAM BARNETT

CONSENT ORDER

This consent order is entered pursuant to the Arkansas Securities Act, codified at Ark. Code Ann. §§ 23-42-101, *et seq.* (Repl. 2000), (Act), the Rules of the Arkansas Securities Commissioner promulgated under the Act (Rules) and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201, *et seq.* (Repl. 2002) in accordance with an agreement by and between the Staff of the Arkansas Securities Department (Staff) and Security Asset Management, LLC (SAM) and William Barnett (collectively, Respondents) in full settlement of all claims brought against the Respondents by the Staff in the complaint filed in this case on March 2, 2021 (Complaint).

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 for the purpose of settling this matter and avoiding costly litigation and agree to abide by its terms.

FINDINGS OF FACT

1. As set out in the allegations made in the Complaint, the Respondents managed accounts of clients using complete discretion to buy, sell or hold securities without first consulting the clients. In performing this service, the Respondents recommended and executed the purchase

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of the stock of Galectin Therapeutics, Inc. with insufficient disclosure of the facts surrounding this stock and company that resulted in large concentrations of Galectin stock in many accounts. The Respondents also invested their clients' accounts in non-traditional exchange traded products (both exchange traded funds and exchange traded notes) and microcap and penny stocks. The Respondents did not establish and maintain written supervisory procedures pertaining to non-traditional exchange traded products or microcap and penny stocks.

2. In managing the client accounts, the Respondents' actions made them liable for certain violations of the Act and Rules set out in the Complaint, including but not limited to those provisions concerning unsuitable recommendations and maintaining written supervisory procedures.
3. The Respondents concede that the allegations made in the complaint are factual, but do not agree with the Staff's characterizations of those allegations as violations of law.

CONCLUSIONS OF LAW

4. The Commissioner has jurisdiction over this matter pursuant to Ark. Code Ann. § 23-42-209
5. Ark. Code Ann. § 23-42-102(8) defines investment adviser as a person who engages in the business of advising others, directly or indirectly, as to the value of securities or the advisability of investing in, purchasing or selling securities, for compensation. SAM was registered as an investment adviser, and Barnett was registered as an investment adviser representative.
6. The facts alleged in the Complaint support the violations of the Act and Rules set out in the Complaint, including but not limited to unsuitable recommendations, a violation of Rule

308.02(a), Rules of the Arkansas Securities Commissioner.

UNDERTAKING

In settlement of this matter, but without admitting or denying the findings of fact made above, the Respondents agree with the Staff to withdraw their registrations as an investment adviser and investment adviser representative and to never apply for registration pursuant to the Act in any capacity and specifically as an investment adviser or representative of an investment adviser.

OPINION

This order is in the public interest. The facts set out above support the violations of the Act and Rules set out in ¶ 6 and the Complaint.

ORDER

IT IS THEREFORE ORDERED that, in accordance with the Respondents' undertaking,

- 1) the summary suspension order that was issued on March 8, 2021, is hereby lifted in order to allow the Respondents to assist their clients in making other arrangements for the management of their accounts;
- 2) the registrations of William Thomas Barnett, CRD No. 1719440, and Security Asset Management, LLC, CRD No. 127802 are withdrawn and terminated as of April 21, 2021; and
- 3) No application for any registration pursuant to the Act for either of the Respondents will be accepted or granted.

WITNESS MY HAND AND SEAL this 22nd day of March, 2021

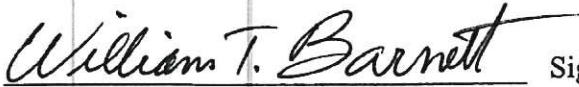


Eric Munson
ARKANSAS SECURITIES COMMISSIONER

CONSENT TO ENTRY OF ORDER

William Barnett hereby acknowledges that he has been served with a copy of this Order, has read it, is aware of his right to a hearing and has waived that right. He acknowledges that he is consenting to the entry of this order, including the undertaking that is a part of this order, voluntarily and that no threats, offers, promises or inducements of any kind have been made by any member of the Staff to induce him to consent to the entry of this order.

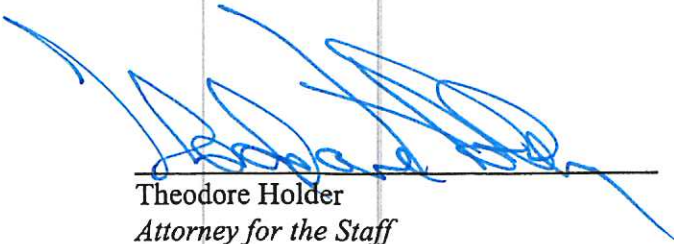
This consent order is a compromise of disputed claims and is entered into by William Barnett for the sole purpose of resolving the issues between the parties and avoiding costly litigation.



William Barnett
William Barnett

Signed this 22nd day of March, 2021.

APPROVED AS TO FORM AND CONTENT



Theodore Holder
Attorney for the Staff

Signed this 22nd day of March, 2021.