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BEFORE THE ARKANSAS SECURITIES COMMISSIONER

Case No. S-18-0051

Order No. S-18-0051-22-OR11

IN THE MATTER OF

CHASTAIN FINANCIAL, LLC, and CARLA CHASTAIN

CONSENT ORDER WITH
CHASTAIN FINANCIAL, LLC, AND
CARLA CHASTAIN

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 Chastain Financial, LLC, (Chastain Financial) and Carla Chastain (Chastain) (collectively, Respondents) in full settlement of the cease and desist order filed in this case on August 5, 2019 (C&D).

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 detail in the C&D, the Respondents conduct an insurance business selling insurance products, that include equity indexed annuities (EIAs; also known as fixed indexed annuities). Although Chastain Financial is an insurance agency and Chastain is licensed only as an insurance agent, the business conducted by the Respondents is presented to the investing

public as an investment adviser. The Respondents primarily reach the public through an hour-long radio show, free lunch or dinner seminars, and a website. In each of these venues it is not made clear that the Respondents and especially Chastain are licensed to deal with insurance products only.

2. Chastain met with potential clients and advised them to move out of securities they held in their retirement accounts and purchase an EIA from her. Chastain facilitated the movement of the funds by preparing the transfer forms and placing calls with the custodians of the securities accounts.
3. Chastain has a disciplinary history with the Arkansas Securities Department (ASD), beginning with a 2005 order which resulted in her losing her registration with the ASD as an Investment Adviser Representative.¹ A second order issued in 2016 found Chastain to have claimed in advertising that she was affiliated with a broker-dealer and an investment adviser when there really was no relationship with those businesses.² The C&D found that these orders were not disclosed to her clients.
4. The C&D also found that Chastain violated Ark. Code Ann. § 23-42-307(a) by:
 - (a) omitting to inform potential clients and clients that she was only licensed to offer and sell insurance products;
 - (b) misleading potential clients and clients that she was authorized to offer and sell investment advice as a registered investment adviser representative, by presenting herself as a financial

¹*In the Matter of Tommy Lee Ruff, Carla Lea Chastain, First Financial Advisors, Inc., and First Financial Brokerage Services, Inc.*, 2005 WL 1255260 (Ark. Sec. Dept. No. S-03-039-05-CO01).

²*In the Matter of Chastain Financial, LLC and Carla L. Chastain*, 2016 WL 1166192 (Ark. Sec. Dept. No. S-16-0018-16-OR01). These findings were affirmed in a consent order issued on December 13, 2016. *See In the Matter of Chastain Financial, LLC and Carla L. Chastain*, 2016 WL 7340439 (Ark. Sec. Dept. No. S-16-0018-16-OR02)

adviser; and

(c) omitting to inform potential clients and clients that although she was once registered as a broker-dealer agent and investment adviser representative, those registrations were revoked due to violations of the Act and Rules by Chastain and that Chastain has been sanctioned for additional violations of the Act and Rules involving her misrepresentations that she was affiliated with broker-dealers and investment advisers.

CONCLUSIONS OF LAW

5. The Commissioner has jurisdiction over this matter pursuant to Ark. Code Ann. § 23-42-209.
6. 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.
7. Ark. Code Ann. § 23-42-301(c) provides in part that it is unlawful to transact business in this state as an investment adviser or investment adviser representative without first being registered.
8. Although neither Chastain nor Chastain Financial was registered with the ASD as an investment adviser or representative of an investment adviser, they transacted investment advisory business.
9. Ark. Code Ann. § 23-42-307(a) provides in part that it is unlawful for any investment adviser or investment adviser representative to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the other person; or to make any untrue statement of a material fact or omit to state a necessary material fact.
10. Chastain violated Ark. Code Ann. § 23-42-307(a) by:
 - (a) omitting to inform potential clients and clients that she was only licensed to offer and sell insurance products.
 - (b) misleading potential clients and clients that she was authorized to offer and sell investment advice as a registered investment adviser representative, by presenting herself as a financial

adviser.

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 request for a hearing on the C&D and to comply with the C&D. Specifically, the Respondents agree to make it plain in all aspects of their dealings with the public and especially in the radio show, the free lunch or dinner seminars and the website that they are licensed only to sell insurance products and are not authorized by law to discuss the advisability of buying, selling or holding securities in any way.

OPINION

This order is in the public interest. The facts set out above support the violations of the Act and Rules set out in ¶¶ 5 through 10 of this order.

ORDER

IT IS THEREFORE ORDERED that, in accordance with the Respondents' undertaking, the C&D will remain in place, and the Respondents will comply with it.

WITNESS MY HAND AND SEAL this 24th day of January, 2022.

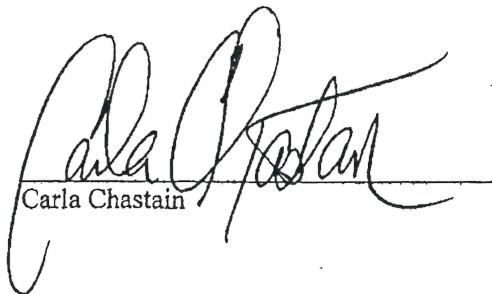


Drake Mann
HEARING OFFICER

CONSENT TO ENTRY OF ORDER

Carla Chastain hereby acknowledges on behalf of herself and as the controlling member of Chastain Financial, LLC, that she has been served with a copy of this Order, has read it, is aware of their right to a hearing and has waived that right. She acknowledges that she 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 her to consent to the entry of this order.

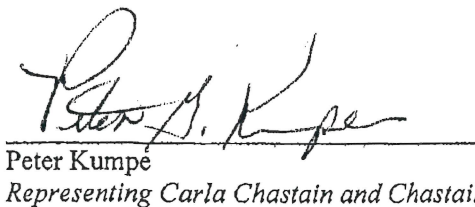
This consent order is a compromise of disputed claims and is entered into by Carla Chastain and Chastain Financial, LLC, for the sole purpose of resolving the issues between the parties and avoiding costly litigation.



Carla Chastain

Signed this 24th day of January, 2022.

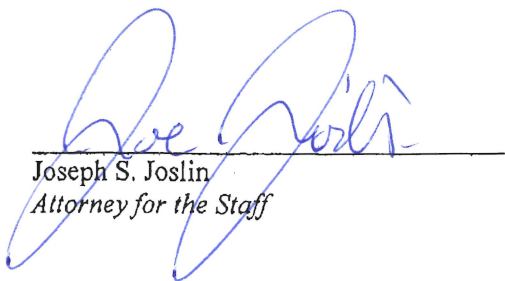
APPROVED AS TO FORM AND CONTENT



Peter Kumpfe

Representing Carla Chastain and Chastain Financial

Signed this 24th day of January, 2022.



Joseph S. Joslin
Attorney for the Staff

Signed this 24th day of January, 2022.