

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF _____

LAWRENCE A. WASCHKA, JR.
INNOVATIVE INSIGHTS MANAGEMENT, LLC

ORDER EXCLUDING
INDIVIDUAL AND CORPORATION
FROM INVESTMENT ADVISER
DEFINITION PURSUANT TO
ARK. CODE ANN. § 23-42-102(8)(F)
NO. 00-051-S

FINDINGS OF FACT

1. On July 19, 2000, a letter was received by the Arkansas Securities Commissioner requesting that Lawrence A. Waschka, Jr. (“Waschka”) and Innovative Insights Management, LLC (“Innovative”) be determined to be excluded from the definition of an investment adviser as set forth in Ark. Code Ann. § 23-42-102(8)(F) for the purpose of rendering investment advice for a fee for Innovative Insights, L.P. (the “Fund”).

2. Waschka is a resident of the State of Arkansas and is the principal shareholder and Chief Executive Officer of Innovative. Waschka is also the principal shareholder and Chief Executive Officer of Waschka Capital Investments, an Securities and Exchange Commission (“SEC”) registered investment adviser (“WCI”), whose principal place of business is located in the State of Arkansas at the same address as Innovative.

3. Innovative, upon its pending formation, will be a limited liability company organized under the laws of the State of Delaware with its principal place of business located in the State of Arkansas. Innovative is the general partner of the Fund, a limited partnership organized under the laws of the State of Delaware. The Fund will receive investment advice for

a fee from Innovative. Limited partners in the Fund who are Arkansas residents are required to possess a minimum net worth, excluding home, furnishings, and automobiles, of \$1,500,000.

4. Waschka and Innovative have agreed that this Order is conditional upon compliance, not only with the findings set forth above, but also with the following:

- (a) Waschka will cause Innovative to prominently disclose to the Fund that Innovative has been exempted by this Order from the investment adviser registration provisions of the Arkansas Securities Act (the “Act”);
- (b) Waschka and Innovative agree to allow the Commissioner to inspect their books and records and to provide information requested by the Commissioner for the purpose of investigating customer complaints or other potential violations of the Act or the Rules of the Arkansas Securities Commissioner (the “Rules”);
- (c) Waschka and Innovative acknowledge that his activities will be subject to Ark. Code Ann. § 23-42-507 and to Rule 308.02 of the Rules;
- (d) Innovative acknowledges that it will limit its services to one client, the Fund. WCI has had long-term relationships with its clients, certain of which will be limited partners in the Fund, all of which are accredited investors within the meaning of Regulation D, §230.501 (Rule 501) of the Securities Act of 1933 with a minimum net worth in excess of \$1,000,000 (“Accredited Investors”).
- (e) Innovative acknowledges that all securities recommended to his clients will be registered, exempted or classified as covered securities under the

Securities Act of 1933, the Securities Exchange Act of 1934, or the Arkansas Securities Act.

- (f) All limited partners in the Fund who are Arkansas residents will be required to have a minimum net worth of \$1,500,000, excluding home, furnishings, and automobiles
- (g) This Order is discretionary and applies only to advice rendered by Waschka and Innovative to the Fund

CONCLUSIONS OF LAW

1. Ark. Code Ann. § 23-42-102(8)(F) provides that the term “Investment Adviser” does not include persons not within the intent of this [subsection] as the Commissioner may by rule or order designate.

2. It is not necessary or appropriate in the public interest for the protection of investors to require the registration of Innovative as an investment adviser under the Act in view of the limited nature of the advice being given, the limited number of persons receiving the advice, and the nature and sophistication of his clients.

OPINION

In recognition of the representations made by Waschka and Innovative, particularly concerning the limitation of advice being given to only persons having a net worth in excess of \$1,500,000 who reside in Arkansas, it does not appear necessary in order to protect such investors that Innovative should be required to register as an investment adviser under the Act. Such investors are amply able to adequately look to their own interests and make their own determinations regarding the appropriateness of such advice. Particularly is this the case where disclosure of the Order will be required and Waschka and Innovative have agreed to be bound by

the antifraud provisions of the Act and the Rules pertaining to unethical practices by investment advisers.

ORDER

IT IS THEREFORE ORDERED that Innovative Insights Management, LLC is excluded from the definition of an investment adviser under Ark. Code Ann. § 23-42-102(8)(F) for the purpose of advising Innovative Insights, L.P., provided that it complies with the conditions set forth in this Order.

WITNESS MY HAND AND SEAL this *22nd* day of September 2000.



MAC DODSON
SECURITIES COMMISSIONER