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BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO S-12-0221

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF

BROWN DOG FINANCIAL, LLC

RESPONDENT

REQUEST FOR CEASE AND DESIST ORDER

The Staff of the Arkansas Securities Department (“Staff”) has received information and has in its possession certain evidence that indicates Brown Dog Financial, LLC (“Brown Dog”), Central Registration Depository (“CRD”) # 164426, has violated provisions of the Arkansas Securities Act (“Act”), Ark. Code Ann. § 23-42-101 through 509.

Administrative Authority

1. This matter is brought in connection with violations of sections of the Act and is therefore properly before the Arkansas Securities Commissioner (“Commissioner”) in accordance with Ark Code Ann. § 23-42-209.

Facts Supporting Cease and Desist Order

2. Brown Dog has a principal office address in Atlanta, Georgia.
3. Drew Walker (“Walker”) is the managing member and chief compliance officer of Brown Dog.
4. Brown Dog made a notice filing with the Arkansas Securities Department (“Department”) in June 2012 indicating that Brown Dog is an exempt reporting adviser (“ERA”) doing business in Arkansas.
5. Brown Dog was notified by the Department in July 2012 that an ERA under the Investment Advisers Act of 1940 (“Advisers Act”) and amendments thereto by the Dodd-Frank

Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) is not exempt from registration as an investment adviser in Arkansas. Pursuant to Ark. Code Ann. § 23-42-301(c) it is unlawful for a person to transact business in Arkansas as an investment adviser without being registered under the Act unless the person is registered as an investment adviser with the Securities and Exchange Commission (“SEC”) under Section 203 of the Advisers Act, or is not registered as an investment adviser with the SEC because the person is not an investment adviser under Section 202(a)(11) of the Advisers Act. As an ERA, Brown Dog is neither registered as an investment adviser with the SEC, nor falls outside the definition of investment adviser provided under Section 202(a)(11) of the Advisers Act.

6. Despite repeated requests by the Staff to Walker and Brown Dog to remove the notice filing of Brown Dog as an active ERA in Arkansas, or in the alternative, register as an investment adviser in Arkansas, the notice filing has not been amended or removed and remains on the CRD. On October 19, 2012, Staff sent Walker and Brown Dog by certified mail and email notice of Staff’s intent to seek a cease and desist order. There has been no response or action by Walker or Brown Dog to Staff’s notice of intent.

Applicable Law

7. Ark. Code Ann. § 23-42-209 provides, in part, that whenever it appears to the Commissioner, upon sufficient grounds or evidence satisfactory 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, he may summarily order the person to cease and desist from the act or practice.

8. Ark. Code Ann. § 23-42-301(c) states, in part, that it is unlawful for a person to transact business in Arkansas as an investment adviser without first being registered unless the person is

registered as an investment adviser with the SEC under Section 203 of the Advisers Act, or is not registered as an investment adviser with the SEC because the person is not an investment adviser under Section 202(a)(11) of the Advisers Act.

Conclusions of Law

9. Brown Dog has indicated that it is doing business in Arkansas as an investment adviser without first being registered in violation of Ark. Code Ann. § 23-42-301(c).
10. The conduct, acts, and practices of Brown Dog threaten immediate and irreparable public harm. A cease and desist order is in the public interest and appropriate pursuant to Ark. Code Ann. § 23-42-209(a).

Prayer for Relief

WHEREFORE, the Staff respectfully requests that the Commissioner order Brown Dog Financial, LLC to immediately CEASE AND DESIST from transacting business in Arkansas as an investment adviser without first being registered to do so.

Respectfully submitted,



David H. Smith
Chief Counsel
Arkansas Securities Department

November 7, 2012
Date