

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. S-16-0095

ORDER NO. S-16-0022-16/OR2

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

RICHARD BLAIR, AND
WEALTH SOLUTIONS, INC.

RESPONDENTS

CEASE AND DESIST ORDER

On January 3, 2017 the Staff of the Arkansas Securities Department (“Staff”) filed its Request for Cease and Desist Order (“Request”). In its Request, the Staff states that it has certain information and has in its possession certain evidence indicating that Richard Blair (“Blair”) and Wealth Solutions, Inc. (“WSI”) have violated provisions of the Arkansas Securities Act (“Act”), Ark. Code Ann. §§ 23-42-101 through 23-42-509. The Arkansas Securities Commissioner (“Commissioner”) has reviewed the Request and based upon the representations made therein finds that:

FINDINGS OF FACT

The request contains the following representations of fact:

1. Blair, CRD #2256412, is an investment adviser representative and president of Wealth Solutions Inc. Blair is a resident of Austin, Texas and is not registered with the Arkansas Securities Department (“Department”) in any capacity pursuant to the Act.
2. WSI, CRD #35331, is an investment advisory firm organized and existing under the laws of the State of Texas with its principal place of business located at 13501 Galleria Circle, Suite W-200, Bee Cave, TX 78738. WSI does not have a place of business in Arkansas and is not registered with the Department in any capacity pursuant to the Act.
3. Despite not being registered with the Department, WSI and Blair managed accounts for Arkansas residents relying on the Act’s de minimis exemption codified at Ark. Code Ann. § 23-42-102(9)(E)(ii). The de minimis exemption states that an investment adviser does not include a person who has no place of business in this state if during the preceding twelve-month period he or she has had fewer than six (6) clients who are residents of this state.

4. In April of 2016, the Staff requested a list of WSI and Blair's Arkansas resident clients. Upon review of the documents produced the Staff discovered that WSI and Blair have exceeded the number of clients allowed under the de minimis exemption. During the preceding twelve-month period, the Department's investigation found that WSI and Blair have eight (8) Arkansas resident clients from whom compensation has been received within the preceding twelve-month period.

APPLICABLE LAW

5. Ark. Code Ann. § 23-42-102(9) defines investment adviser as any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who for compensation, issues or promulgates analyses or reports concerning securities.

6. Ark. Code Ann. § 23-42-301(c) provides that it is unlawful for a person to transact business in this state as an investment adviser or investment adviser representative without first being registered under the Act.

CONCLUSIONS OF LAW

7. The facts set out above demonstrate that Blair violated Ark. Code Ann. § 23-42-301(c) by acting as an investment adviser representative without being registered with the Department.

8. The facts set out above demonstrate that WSI violated Ark. Code Ann. § 23-42-301(c) by taking on more than five (5) Arkansas resident clients and then failing to register with the Department.

ORDER

9. Respondent Blair shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-301(c), and refrain from acting as an investment adviser representative until such time that he is properly registered with the Department.

10. Respondent WSI shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-301(c), and refrain from conducting business in Arkansas until such time that it is properly registered with the Department.

11. A hearing on this Cease and Desist Order shall be held if requested by any of the Respondents in writing within thirty (30) days of the entry of this Order, or if otherwise ordered by the Commissioner. Ark. Code Ann. § 23-42-209(a)(2)(A). Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner
201 East Markham Street, Suite 300
Little Rock, Arkansas 72201

12. If no hearing is requested and none is ordered by the Commissioner, this Cease and Desist Order will remain in effect until it is modified or vacated by the Commissioner. Ark. Code Ann. § 23-42-209(a)(2)(B).

Dated this 9th day of January, 2017.



B. Edmond Waters
Arkansas Securities Commissioner