



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
RED OAK COMPLIANCE SOLUTIONS, LLC,)
) Case No. AP-17-06
Respondent.)

CONSENT ORDER

SUMMARY OF ENFORCEMENT SECTION’S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Director of Enforcement Sandra J. McDowell, has alleged that Respondent Red Oak Compliance Solutions, LLC (“Red Oak”),” violated Section 409.6-604(a) RSMo. (Cum. Supp. 2013)¹ by assisting a Missouri-registered broker-dealer and investment adviser representative in a course of business that included failure to promptly file correcting amendments, some concerning outside business activity (“OBA”), for multiple Form ADV filings after that information or those records had become inaccurate or incomplete, in violation of Section 409.4-406, and that this constitute grounds to issue an order pursuant to Section 409.6-604.
2. Respondent and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondent’s alleged violations of Section 409.6-604(a).

CONSENT TO JURISDICTION

3. Respondent and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over the Respondent and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondent and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

¹ Unless otherwise noted, all statutory references are to the 2013 cumulative supplement to the Revised Statutes of Missouri.

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

WAIVER AND EXCEPTION

5. Respondent waives Respondent’s rights to a hearing with respect to this matter.
6. Respondent waives any rights that Respondent may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever releases and holds harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondent stipulates and agrees with the Enforcement Section that, should the facts contained herein prove to be false or incomplete in a material way, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER’S ORDER

8. Respondent and the Enforcement Section stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondent agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondent’s (a) testimonial obligations; (b) right to take legal or factual positions in connection with litigation, arbitration, or other legal proceeding in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondent agrees that Respondent is not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondent neither admits nor denies the allegations made by the Enforcement Section, but consents to the Commissioner’s Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.
12. This Order is not intended to subject Respondent to disqualification under the laws of the United States or any state or territory, or under the rules and regulations of any securities regulator or self-regulatory organization, including, without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions.

COMMISSIONER'S FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

13. Brent Spicuzza (“Spicuzza”) is a Missouri resident with an address of 13348 Conway, Town and Country, Missouri, 63141. At all times relevant, Spicuzza was registered as a broker-dealer agent and investment adviser representative with AXA Advisors, LLC. Spicuzza is registered in Missouri through the Central Registration Depository (“CRD”) number 4134728.
14. On December 30, 2015, the Enforcement Section entered into a Consent Order with Brent Spicuzza for, among other things, failing to report Summit Wealth Strategies, LLC of St. Louis (“SWSSL”) as an OBA with his broker AXA Advisors, LLC. During this investigation, Spicuzza told the Enforcement Section that Spicuzza hired Respondent to complete compliance-related filings on Spicuzza’s behalf. It was Spicuzza’s intention to eventually leave AXA Advisors, LLC and take his book of business to SWSSL, an entity Spicuzza created.
15. AXA Advisors, LLC (“AXA”) is a Securities and Exchange Commission (“SEC”) approved Investment Advisory firm since 1973 with CRD number 6627. AXA has been a Missouri approved Investment Advisory firm since 1983. AXA is headquartered at 1290 Avenue of the Americas, New York, New York, 10104.
16. SWSSL was a Missouri Limited Liability Company organized in the state of Missouri on April 9, 2014. SWSSL’s registered agent was Sherry Zink, 13348 Conway Road, St. Louis, Missouri, 63141. A check of the records maintained by the Commissioner indicates that SWSSL’s registration as an Investment Advisory firm was approved on August 18, 2014. A check of the CRD indicates SWSSL is assigned number 171314 and that SWSSL terminated its registration on December 18, 2015. SWSSL’s business registration was terminated on September 28, 2016.
17. Red Oak is a business that offers compliance-related assistance and consulting for investment advisors and broker-dealers. A check of the records maintained by the Commissioner indicates Red Oak has never been registered as a broker-dealer or investment advisory firm in Missouri nor has it ever applied for such registration. According to Texas Secretary of State records, Red Oak has a mailing address of 1101 Arrow Point Drive, Suite 301, Cedar Park, Texas, 78613.

Audit and Investigation

18. On November 18, 2015, the Audit Section of the Missouri Securities Division of the Office of Secretary of State (“Audit Section”) conducted an unannounced, for-cause audit examination of SWSSL. The examination was conducted due to SWSSL not having a registered investment adviser representative since September 1, 2015, and concerns about possible unregistered activity. The Audit Section interviewed Spicuzza, the purported Managing Member of SWSSL, and learned that Spicuzza failed to report SWSSL to his broker AXA.
19. The Audit Section also learned that when Spicuzza filed an application with Missouri for Investment Adviser Registration (Form ADV) for SWSSL on April 28, 2014, Spicuzza submitted a balance sheet depicting Spicuzza’s personal assets, and not of SWSSL. Spicuzza did not file a U4 with SWSSL until November 19, 2015. That application became deficient for dual registration since Spicuzza was registered with AXA at that time.
20. During a December 10, 2015, on-the-record interview with the Enforcement Section, Spicuzza claimed Respondent told Spicuzza to submit his personal balance sheet to register SWSSL.
21. On or around April 2014, an employee of Respondent told Spicuzza to register SWSSL in a family member’s name during the initial registration to avoid reporting OBA to AXA.
22. In SWSSL’s first Form ADV filing on April 28, 2014, Spicuzza was listed as the Chief Compliance Officer (“CCO”) for SWSSL. In a July 3, 2014, SWSSL Form ADV filing, Spicuzza was replaced by a former employee of Respondent, also a registered investment adviser representative, as the CCO. This employee was terminated by Respondent in or around September 2014 but, with the permission of the terminated employee, remained as CCO for SWSSL.
23. Beginning on or around January 9, 2015, the employee began contacting Respondent, but not Spicuzza, asking to be removed as CCO for SWSSL. On or about June 22, 2015, the employee was removed as CCO for SWSSL.
24. In a July 28, 2014 email from Spicuzza to Respondent, Spicuzza wrote “Just to confirm (again), there is no way for my current B/D to trace this ‘shell’ RIA back to me, until I’m ready to jump ship.” A Respondent employee responded via email “The only potential issue that I could foresee, could possibly be the LLC. If your name is listed on the LLC, you may want to consider moving it out of your name and under another individual until you are ready to leave your current broker/dealer. Otherwise, the RIA registration currently does not point to you at all, but the current registered Chief Compliance Officer...”.

25. In early 2015, Spicuzza pushed back his resignation from AXA because Spicuzza was due to get a large bonus from AXA. Spicuzza would later postpone his resignation from AXA due to compensation reasons.
26. In a February 24, 2015, email from Spicuzza to a Respondent employee, Spicuzza asks “When we file w/ the SEC, is the ‘under the radar’ process the same?” The Respondent employee responded via email, which stated, “We would have to file an amendment to request SEC registration. The process for SEC registration is a lot smoother one and only takes three weeks. We would also need to notice filing in MO and other jurisdictions depending on the number of clients the Firm will have in other states.”
27. On or around May 25, 2015, a Respondent employee submitted her Form U4 application with Summit Wealth Strategies, LLC listed as the registered firm. In a June 23, 2015, ADV filing, a Respondent employee replaced the previous CCO for SWSSL and became the current SWSSL CCO, purportedly without the employee’s “knowledge or consent to do so.” The Respondent employee has stated to the Enforcement Section that her concerns were assuaged when she learned that SWSSL had no clients, that its owner, Spicuzza, was still employed with another company, and that he was not ready for SWSSL to be operational.
28. In a June 2, 2015, email, an employee of Respondent emailed Spicuzza draft SWSSL non-discretionary and solicitor agreements to Spicuzza’s personal and business email brent@swsllc.com. Spicuzza emailed back “OMG!!!! Don’t ever use swsllc email. Big my bd finds out about this I’ll be pissed. I can’t believe you did this. Don’t ever do that again.” A short time later, Spicuzza emailed “Don’t EVER use the swllc email again.” On June 3, 2015, Spicuzza emailed the Respondent employee again and said “Please confirm via email you have removed brent@swsllc.com from all of RO databases. I want verification that email will never be used (until I authorize it via written email.)” The Respondent employee emailed Spicuzza back to inform him the email address was deleted from Respondent’s internal applications.
29. On June 23, 2015, Respondent prepared another amendment to SWSSL’s Form ADV, on Spicuzza’s behalf, reporting a change in the legal name or primary business name of the investment advisory firm to Summit Wealth Strategies, LLC.
30. On a September 2, 2015, Form ADV filing, the CCO for SWSSL was replaced by another Respondent employee, who is also a registered investment adviser representative.
31. On a November 19, 2015, Form ADV filing, Spicuzza replaced the Respondent employee as CCO by listing himself as CCO.
32. In a November 23, 2015, email from, Spicuzza said “My BD (AXA) is requesting a statement from RO stating the filing mistake was yours and I had no part in it. The compliance department wants this to show I didn’t have any prior knowledge or authorize the SWS vs SWS Stl filing. Thanks and hopefully this will have them release my U4

faster.” In response, Red Oak provided to Spicuzza a letter, addressed to “To Whom It May Concern,” stating “On June 23 2015 Red Oak Compliance Solutions made a clerical error in changing the business and legal name on the ADV Part I and Part 2A documentation to Summit Wealth Strategies LLC. This change was done without any request of or knowledge of Brent Spicuzza.”

33. Respondent has been in operation for six years and neither it nor its principals have any kind of prior or relevant regulatory disciplinary history.
34. The Respondent employee that was responsible for the July 3, 2014, SWSSL ADV filing that was inaccurate is no longer employed by Respondent. In addition, the Respondent employee that was responsible for the May 2015, SWSSL ADV filing that was inaccurate is no longer employed by Respondent. Finally, Respondent’s former Director of RIA Services, who was responsible for managing client relations and business development such as that related to Spicuzza, is no longer employed by Respondent.
35. Red Oak has cooperated with the Missouri Secretary of State’s Securities Division during the pendency of the matter at hand.

II. CONCLUSIONS OF LAW

36. The Commissioner finds Respondent aided Spicuzza in a course of business that constituted a violation of the Missouri Securities Act, Section 409.4-406, by Spicuzza and SWSSL when Spicuzza and/or SWSSL failed to promptly file correcting amendments, including those related to OBAs, when information or records on file with the Commissioner became inaccurate or incomplete. This course of conduct constitutes grounds to discipline Respondent pursuant to Section 409.6-604(a).
37. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondent and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409.

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

38. By execution of this Consent Order, Respondent affirms that:
 - a. other than the instant matter, Respondent is not aware of having been or currently being under investigation by any state securities administrator for any reason;
 - b. Respondent shall promptly notify the Enforcement Section if any state securities regulator’s investigations arise;

- c. Respondent shall promptly notify the Enforcement Section if it enters in an agreement for services with any state-covered investment adviser registered in Missouri until December 31, 2018; and
 - d. Respondent's principals shall attend a continuing education event or session, concerning OBAs and ADV filings, not unacceptable to the Enforcement Section within one year of the date of this Order. Respondent shall provide written confirmation of compliance with such undertaking to the Enforcement Section shortly thereafter.
39. Respondent has provided the Enforcement Section with information of all Missouri-registered state-covered investment advisers it has provided services to in the year immediately preceding the date of the signed Consent Order.
40. Respondent shall pay \$5,000 to the Missouri Secretary of State's Investor Education and Protection Fund. This payment shall be sent within ninety (90) days of the effective date of this Consent Order to the Securities Division at 600 West Main Street, Jefferson City, Missouri, 65101 and made payable to the Investor Education and Protection Fund. The Division will send the money to the Missouri Secretary of State's Investor Education and Protection Fund.
41. Respondent shall pay an additional payment in the amount of \$15,000 made payable to the Missouri Secretary of State's Investor Education and Protection Fund at 600 West Main Street, Jefferson City, Missouri 65101. This amount shall be suspended and, provided Respondent complies with all terms of this Consent Order and does not violate the Missouri Securities Act from the date of execution of this Consent Order until December 31, 2018, shall be fully and finally waived. This suspended amount shall become due immediately upon the sooner of (1) Respondent's noncompliance with the terms of this Consent Order, or (2) a finding, after notice and opportunity for a hearing, by the Commissioner or a court of competent jurisdiction, that Respondent has violated the Missouri Securities Act. Such immediately due payments shall be in addition to all other penalties then available under the law.
42. Respondent shall pay \$1,000 for the cost of this investigation. This payment shall be sent within thirty (30) days of the effective date of this Consent Order to the Securities Division at 600 West Main Street, Jefferson City, Missouri, 65101 and made payable to the Investor Education and Protection Fund. The Division will send the money to the Missouri Secretary of State's Investor Education and Protection Fund.
43. Respondent shall pay its own costs and attorney's fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,

MISSOURI THIS 1st DAY OF May, 2017.



JOHN R. ASHCROFT
SECRETARY OF STATE

David M. Minnick
DAVID M. MINNICK
COMMISSIONER OF SECURITIES

Consented to by:
THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION

S. McDowell
Saundra J. McDowell
Director of Enforcement

RED OAK COMPLIANCE SOLUTIONS, LLC

BY: Cathy Vasilev

NAME: Cathy Vasilev

TITLE: Vice President