



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
MOKAN WEALTH MANAGEMENT, INC.,)
CRD# 328005; and KYLE T.) Case No.: AP-24-06
HAMMERSCHMIDT, CRD# 6744129,)
)
Respondents.)

CONSENT ORDER

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“**Enforcement Section**”), through Enforcement Counsel William F. H. Dunker, alleges that from November 3, 2023 to the present (“**Relevant Period**”), Respondent Kyle T. Hammerschmidt (“**Hammerschmidt**”), of Mokan Wealth Management, Inc. (“**Mokan**”, or the “**Firm**”), transacted business as an investment adviser representative (“**IAR**”) with Missouri-resident clients without being registered or exempt from registration in Missouri, in violation of Section 409.4-404(a) of the Missouri Securities Act (the “**Act**”)¹. As a result of Hammerschmidt’s activities, the Firm is alleged to have transacted business as an investment adviser (“**IA**”) without being registered or exempt from registration in Missouri, in violation of Section 409.4-403(a), and employed and/or associated with an individual who was required to be registered in Missouri, in violation of Section 409.4-403(d). The Enforcement Section alleges that these actions constitute sufficient grounds for the Missouri Commissioner of Securities (“**Commissioner**”) to censure and impose a sanction on Respondents in accordance with Sections 409.4-412(c) and (d)(9) and 409.6-604.
2. Respondents and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the alleged violations of Sections 409.4-403(a) and (d) and 409.4-404(a).

CONSENT TO JURISDICTION

3. Respondents and the Enforcement Section stipulate and agree that the Commissioner has jurisdiction over Respondents and this matter pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*

¹ Unless otherwise indicated, statutory citations refer to the 2016 edition of the Revised Statutes of Missouri, updated by the 2023 Cumulative Supplement.

4. Respondents 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:

“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. Respondents waive any right to a hearing with respect to this matter.
6. Respondents waive any rights that they may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold harmless the Missouri Office of the 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. Respondents stipulate and agree with the Enforcement Section that, should the facts contained herein prove to be false or incomplete, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER’S ORDER

8. Respondents 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. Respondents agree 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 Respondents’ (a) testimonial obligations; (b) right to take legal or factual positions in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondents agree that they are not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondents neither admit nor deny the allegations made by the Enforcement Section or the Findings of the Commissioner, but consent 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.

THE COMMISSIONER’S FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

A. Respondents

12. **Mokan Wealth Management, Inc.** is a Kansas-based IA registered in the Central Registration Depository (“**CRD**”) with number 328005 with a principal address at 14221 Metcalf Avenue, Suite 102, Overland Park, Kansas 66223. Mokan has one IAR, who is domiciled and solely registered in Kansas. Despite being a registered IA in Kansas, Mokan has never been registered as an IA in Missouri. Mokan has been a registered IA in the State of Kansas since October 19, 2023, and has no prior disciplinary actions.
13. **Kyle T. Hammerschmidt** is a thirty-five-year-old resident of Leawood, Kansas, and is registered in CRD with number 6744129. Hammerschmidt is the owner and Chief Compliance Officer (“**CCO**”) of Mokan, and is associated with the Firm as a Kansas-registered IAR. Hammerschmidt was registered as an IAR in Missouri, through two prior employers, from January 12, 2017 to July 8, 2019, and again from October 21, 2021 to March 17, 2022. Hammerschmidt is not currently registered as an IAR in Missouri. Hammerschmidt self-reported the unregistered activity.

B. Facts

14. Section 409.4-403(a) states that it is unlawful for a person to transact business in Missouri as an IA unless the person is registered or otherwise exempt under Section 409.4-403(b).
15. Section 409.4-403(b)(2) provides, in relevant part,

The following persons are exempt from the [IA] registration requirements of subsection (a):

...(2) A person without a place of business in this state if the person has had, during the preceding twelve months, not more than five clients that are resident in this state (the “**De Minimis Exemption**”) ...[.] (parenthetical and emphasis added)

16. Mokan initially applied for registration as an IA in Missouri on January 03, 2024. The application was marked “Pending” on January 3, 2024, in the Investment Adviser Registration Depository (“**IARD**”), and the Commissioner issued a summary suspension notice to the Firm on January 4, 2024.
17. Section 409.4-403(d) provides in relevant part,

It is unlawful for an investment adviser to employ or associate with an individual required to be registered under this act as an investment adviser representative who transacts business in this state on behalf of the investment adviser unless the individual is

registered under section 409.4-404(a)

18. Further, Section 409.4-404(a) provides, in relevant part,

It is unlawful for an individual to transact business in this state as an investment adviser representative unless the individual is registered under this act as an investment adviser representative

19. In connection with the Firm's IA application in Missouri, Hammerschmidt applied in Missouri for an IAR registration under Mokan on January 11, 2024. The application was marked "Deficient" in IARD pending approval of the Firm's application.
20. The Firm on-boarded its first Missouri advisory client on October 25, 2023, and has continued accumulating clients in Missouri since that time. According to a review of records provided by Mokan's account custodian ("**Custodian**"), the Firm exceeded the threshold of the De Minimis Exemption when it acquired its sixth Missouri client on November 3, 2023. The Firm has had six or more advisory clients in Missouri from that date to the present, and, as of the last date of which the Enforcement Section is aware, has advised twenty-one unique Missouri client households during the Relevant Period.
21. Records obtained from the Custodian identify Hammerschmidt as the IAR on all the Missouri client accounts of the Firm.
22. The Firm collected \$52,573.10 in advisory fees from the Missouri client accounts while transacting business as an unregistered IA and while employing Hammerschmidt as an unregistered IAR during the Relevant Period.
23. Before approving the application for registration, the Examinations Section of the Missouri Securities Division ("**Examinations Section**") initiated a routine pre-registration examination of Mokan.
24. The Examinations Section found, in the course of its pre-registration examination, that the Firm had exceeded the threshold of the De Minimis Exemption. As a result of this discovery, the Examinations Section initiated a referral to the Enforcement Section for further investigation and resolution of the alleged violations described herein.
25. Section 409.4-412(c) provides, in relevant part,

If the [C]ommissioner finds that the order is in the public interest and subsection (d)(1) to (6), (8), (9), (10), or (12) authorizes the action, an order under this act may censure, impose a bar, or impose a civil penalty in an amount not to exceed twenty-five thousand dollars for each violation on a registrant ...

26. Section 409.4-412(d)(9) provides in relevant part,

A person may be disciplined under subsections (a) to (c) if the person:

(9) Has failed to reasonably supervise an agent, investment adviser representative, or other individual, if the agent, investment adviser, or other individual was subject to the person's supervision and committed a violation of this act or the predecessor act or a rule adopted or order issued under this act or the predecessor act within the previous ten years[.]

C. Violations

27. As a result of the conduct described above, the Enforcement Section alleges that the failure by Hammerschmidt, during the Relevant Period, to register in Missouri as an IAR violated Section 409.4-404(a), which makes it unlawful for an individual to transact business in Missouri as an IAR unless the individual is registered or exempt from registration under the Act.
28. The Enforcement Section alleges that the failure by Moka, during the Relevant Period, to register as an IA in Missouri violated Section 409.4-403(a), which makes it unlawful for a person to transact business in Missouri as an IA unless the person is registered or exempt from registration under the Act.
29. The Enforcement Section alleges that Moka's association with Hammerschmidt, during the Relevant Period, violated Section 409.4-403(d), which makes it unlawful for an IA to employ or associate with an individual required to be registered under the Act as an IAR who transacts business in Missouri on behalf of the IA, unless the individual is registered or exempt from registration under the Act.
30. The Enforcement Section alleges that these actions by the Firm and Hammerschmidt constitute sufficient grounds for the Commissioner to censure and impose a sanction on Respondents in accordance with Sections 409.4-412(c) and (d)(9).

II. CONCLUSIONS OF LAW

31. **THE COMMISSIONER CONCLUDES** that Respondent Moka's failure, during the Relevant Period, to register as an investment adviser under the Act violated Section 409.4-403(a).
32. **THE COMMISSIONER CONCLUDES** that Respondent Moka's association with Respondent Hammerschmidt, during the Relevant Period, violated Section 409.4-403(d).
33. **THE COMMISSIONER CONCLUDES** that Respondent Hammerschmidt's failure,

during the Relevant Period, to register as an investment adviser representative under the Act violated Section 409.4-404(a).

34. **THE COMMISSIONER CONCLUDES** that the violations above are sufficient to issue an order in accordance with Sections 409.4-412(c) and (d)(9) and 409.6-604.
35. The Commissioner, after consideration of the stipulations set forth above and on consent of Respondents and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondents in 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:

36. Respondents are **CENSURED**;
37. Respondents shall pay, joint and several, \$26,286.55 to the Missouri Secretary of State's Investor Education and Protection Fund for violating Sections 409.4-403(a) and (d) and 409.4-404(a). **This amount is due upon execution of this Order by Respondents and shall be made payable to the Missouri Secretary of State's Investor Education and Protection Fund** and sent to the Missouri Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101;
38. Respondents, their agents and employees, and all other persons participating in the above-described alleged violations with knowledge of this Order, are permanently enjoined and restrained from engaging in conduct and/or activities subject to discipline under Sections 409.4-403(a) and (d), and 409.4-404(a); and
39. Respondents shall pay their own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 8th DAY OF April, 2024.



JOHN R. ASHCROFT
SECRETARY OF STATE

A blue ink signature of John R. Ashcroft, written over a horizontal line.

DOUGLAS M. JACOBY
COMMISSIONER OF SECURITIES

Consented to by:

THE MISSOURI SECURITIES DIVISION

A blue ink signature of William F. H. Dunker, written over a horizontal line.

William F. H. Dunker
Enforcement Counsel

RESPONDENTS

A blue ink signature of Kyle T. Hammerschmidt, written over a horizontal line.

Mokan Wealth Management, Inc., CRD #328005
Kyle T. Hammerschmidt, Owner

4-5-2024

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Kyle T. Hammerschmidt, CRD #6744129

4-5-2024