



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
ABRAHAM & CO., INC., CRD# 299085,) Case No.: AP-24-08
)
Respondent.)

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 February 23, 2023 to October 30, 2023 (“**Relevant Period**”), Respondent Abraham & Co., Inc. (“**Abeco**” or the “**Firm**”), transacted business as an investment adviser (“**IA**”) with Missouri-resident clients without being registered or exempt from registration in Missouri, in violation of Section 409.4-403(a) of the Missouri Securities Act (the “**Act**”) ¹, and associated with or employed individuals, during the Relevant Period, to engage in an activity related to investment advice in Missouri without being registered or exempt from registration as investment adviser representatives (“**IARs**”) 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 impose a sanction on Respondent in accordance with 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 alleged violations of Sections 409.4-403(a) and (d).

CONSENT TO JURISDICTION

3. Respondent and the Enforcement Section stipulate and agree that the Commissioner has jurisdiction over Respondent and this matter 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 indicated, statutory citations refer to the 2016 edition of the Revised Statutes of Missouri, updated by the 2023 Cumulative Supplement.

“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 any right to a hearing with respect to this matter.
6. Respondent waives any rights that it 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 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. Respondent stipulates and agrees 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. 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 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. Respondent agrees that it 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 or the Findings of the Commissioner, 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.

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

I. FINDINGS OF FACT

A. Respondent

12. **Abraham & Co., Inc.** is a Washington State-based IA with a principal address at 3724 47th Street Ct., Gig Harbor, Washington 98335. The firm is registered in the Central Registration Depository (“**CRD**”) with number 299085. At present, Abeco employs four IARs and has offices in Washington, Texas, and California. Despite being a registered IA in eight states, Abeco has never been registered as an IA in Missouri. The Firm has had only one disciplinary action dating back to November 1987.

B. Facts

1. Initial Applications for IA and IAR Registrations

13. 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).

14. Section 409.4-403(b) 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 state²...[.]

15. The Firm initially contacted the Missouri Securities Division (the “**Division**”) by telephone on October 5, 2023, requesting to register as an IA in Missouri. It was during this call that the Firm self-reported to the Division that it had exceeded the threshold number of clients allowed under the De Minimis Exemption.

16. On October 6, 2023, the Firm filed an incomplete initial application for IA registration with the Division.

17. Given the incomplete nature of the Firm’s application, the Commissioner issued a summary suspension notice to the Firm later that same day, on October 6, 2023.

18. 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

² The exemption provided under Section 409.4-403(b)(2) shall be referred to hereinafter as the “De Minimis Exemption.”

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)...

19. In connection with the Firm's IA application in Missouri, the Division also received IAR applications for two of the Firm's IARs: one received on November 16, 2023, the other on November 17, 2023. The president of the Firm likewise filed an application for IAR registration with the Division on November 15, 2023, but later withdrew the application after recognizing that he lacked the required Series 65 exam needed to qualify for registration in Missouri.

2. The Examination's Section's Pre-Registration Examination of the Firm

20. Before approving the Firm's initial application for IA registration, the Examinations Section of the Missouri Securities Division ("**Examinations Section**") initiated a routine pre-registration examination of Abeco on December 18, 2023.
21. In the course of its pre-registration exam of the Firm, the Examinations Section, among other things, gathered evidence to confirm the Firm's self-reported claim that it had exceeded the threshold number of clients allowed under the De Minimis Exemption.
22. According to the Examinations Section's review of Missouri-resident client account records provided to the Examinations Section by Abeco's custodians, the Firm appeared to have exceeded the threshold of the De Minimis Exemption for several months after acquiring a sixth Missouri client on February 23, 2023.
23. According to those same records, the Examinations Section also confirmed that Abeco had collected advisory fees from the Missouri client accounts subsequent to February 23, 2023, without being properly registered as an IA or exempt from IA registration in Missouri.
24. Upon confirming a potential violation of Section 409.4-403(a) based on a review of the evidence collected, the Examinations Section initiated a referral of the matter to the Enforcement Section for further investigation and resolution.

3. The Enforcement Section's Investigation

25. The Enforcement Section's review of the Missouri-resident Abeco client account records provided by the Firm's custodians identified the following:
 - a. On December 11, 2020, the Firm on-boarded its first Missouri-resident client ("**MR1**");
 - b. From July 29, 2021 to June 16, 2022, the Firm on-boarded four additional Missouri-resident clients ("**MR2**", "**MR3**", "**MR4**", and "**MR5.1**", respectively");

- c. On January 24, 2023, for reasons outside the Firm’s control, MR5.1’s account at the Firm was closed;
 - d. On February 13, 2023, the Firm on-boarded a new Missouri-resident client (“MR5.2”); and
 - e. On February 23, 2023, the Firm on-boarded its sixth Missouri-resident client (“MR6”).
26. At no time during the next seven months, from February 23, 2023 to October 4, 2023 (“**Inaction Period**”), did the Firm—despite continuing to transact business as an investment adviser (as that term is defined in Section 409.1-102(15)) with all six Missouri-resident client accounts—apply to register with the Division as an IA in Missouri.
27. At no time during the Inaction Period did the individuals employed by or associated with the Firm—despite continuing to transact business as investment adviser representatives (as that term is defined in Section 409.1-102(16)) with at least one of the Missouri-resident client accounts—apply to register with the Division as an IAR in Missouri.
28. On October 5, 2023, the Firm filed an IA application with the Division.
29. On October 30, 2023, after being advised by the Division, the Firm discontinued collecting advisory fees from the account of MR6.
30. Based on the information in the records provided to the Division by the Firm’s custodians, Abeco collected \$14,917.72 in advisory fees from the accounts of MR1, MR2, MR3, MR4, MR5.1, MR5.2, and MR6 during the Relevant Period.

C. Alleged Violations

26. The Enforcement Section alleges that the failure by Abeco, 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.
27. The Enforcement Section alleges that Abeco’s employment of or association with the two unregistered IARs, 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.
28. The Enforcement Section alleges that these actions by the Firm constitute sufficient grounds for the Commissioner to impose a sanction on Respondent in accordance with Section 409.6-604.

II. CONCLUSIONS OF LAW

29. **THE COMMISSIONER CONCLUDES** that, during the Relevant Period, Respondent transacted business in Missouri as an investment adviser for the accounts of clients MR1, MR2, MR3, MR4, MR5.1, MR5.2, and MR6.
30. **THE COMMISSIONER CONCLUDES** that, during the Relevant Period, Respondent's failure to register as an investment adviser under the Act violated Section 409.4-403(a).
31. **THE COMMISSIONER CONCLUDES** that, during the Relevant Period, two individuals employed by or associated with Respondent unlawfully transacted business in Missouri as investment adviser representatives for the accounts of clients MR1, MR2, MR3, MR4, MR5.1, MR5.2, and MR6.
32. **THE COMMISSIONER CONCLUDES** that, during the Relevant Period, Respondent's employment of or association with the two individuals required to be registered under the Act as IARs, violated Section 409.4-403(d).
33. **THE COMMISSIONER CONCLUDES** that the violations above are sufficient to issue an order in accordance with Section 409.6-604.
34. The Commissioner, after consideration of the stipulations set forth above and on consent of Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondent 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:

35. Respondent shall pay, \$5,000 to the Missouri Secretary of State's Investor Education and Protection Fund for violating Sections 409.4-403(a) and (d). **This amount is due upon execution of this Order by Respondent 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;
36. Respondent, its 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
37. Respondent 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 26 DAY OF June, 2024.




JOHN R. ASHCROFT
SECRETARY OF STATE



DOUGLAS M. JACOBY
COMMISSIONER OF SECURITIES

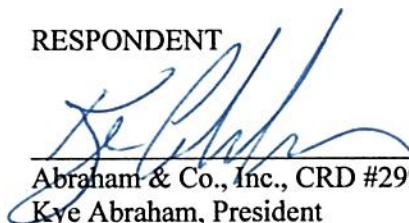
Consented to by:

THE MISSOURI SECURITIES DIVISION



William F. H. Dunker
Enforcement Counsel

RESPONDENT



Abraham & Co., Inc., CRD #299085
Kye Abraham, President