



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:

THE LAMPO GROUP, LLC

Respondent

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Case No. AP-16-26

CONSENT ORDER

SUMMARY OF THE SECURITIES DIVISION’S ALLEGATIONS

1. This Consent Order is entered into between The Missouri Securities Division Enforcement Section (“Enforcement Section” or “Division”) and The Lampo Group, LLC, its affiliates, its principals, and its agents (collectively, “Lampo” or “Respondent”). The Division and Lampo are collectively referred to as “the Parties.”
2. The Enforcement Section conducted an investigation of Lampo’s Endorsed Local Provider (ELP) program, specifically its investing ELP program, which matched Dave Ramsey fans with investing professionals who generally agree with the Ramsey philosophy, as published by Lampo, regarding investing. Based on the results of that investigation, the Division would allege that (a) Lampo, through its investing ELP program, was in violation of Missouri solicitor rules because referrals to investment advisor representatives occurred without providing investors with the disclosure required under Missouri regulation; (b) Lampo’s investing ELP marketing materials required revision to avoid the possible appearance of providing investment advice; (c) as a result of the foregoing issues, Lampo acted as an unregistered investment adviser representative in violation of Mo. Rev. Stat. 409.4-404(a); and (d) these issues constitute grounds to issue an order pursuant to Mo. Rev. Stat. 409.6-604.
3. The Parties desire to settle the allegations and the matters that were raised or could have been raised by the Division related to Lampo that are under investigation or known by the Enforcement Section as of the date of the Order.

CONSENT TO JURISDICTION

4. The Parties stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over Lampo and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
5. The Parties stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides that “[t]he commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

WAIVER AND EXCEPTION

6. Lampo waives its rights to a hearing with respect to this matter.
7. Lampo waives any rights that Lampo may have had to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Lampo 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, including but not limited to any claims for attorneys’ fees or other relief based on *In the Matter of The Lampo Group, LLC*, AP-16-26.

CONSENT TO COMMISSIONER’S ORDER

8. The Parties 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. Lampo 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 Lampo’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. The Parties agree that there is no prevailing party in this action, but rather they have reached a good-faith settlement.
11. Lampo neither admits nor denies the allegations, legal conclusions, or factual assertions made by the Division but consents to the Stipulations 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. Nothing in this Consent Order, its execution, or the performance of any obligation under it is intended to be an admission of liability or wrongdoing.
12. The parties agree and stipulate that, should the Division discover that Lampo has intentionally concealed material facts, or that Lampo intentionally provided false information, related to the contents of this Order, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

13. The Parties agree that this Consent Order resolves all matters related to Lampo that are under investigation or known by the Enforcement Section as of the date of the Order (“Covered Activity”) and further acts as a release of claims or actions by the Division that arise from the Covered Activity.

STIPULATIONS OF FACT, CONCLUSIONS OF LAW, AND ORDER

STIPULATIONS OF FACT

14. The Lampo Group, LLC (“Lampo”) is an active Tennessee limited liability company. Effective January 1, 2016, Lampo converted its corporate form to a limited liability company. Lampo was formerly organized as the Lampo Group, Inc., originally incorporated in 1995. The two entities are treated as the same for purposes of this Order, and the conversion has no impact on this matter.
15. Between January 1, 2010 and January 1, 2015 (“Relevant Period”), Lampo, through its ELP program, transacted business within the State of Missouri.
16. The ELP program is one of several products and services offered by Lampo. In general, the ELP program is a marketing-and-referral program in which providers of certain types of services are “endorsed” by Lampo and can market themselves as “ELPs.”
17. Lampo operates an ELP program for several industries, including, as relevant here, investment services. In the “investing” ELP program, Lampo provided marketing services to investment professionals, such as investment adviser representatives and broker-dealer agents, for a monthly marketing fee. The investing ELP program was intended to aid fans of Dave Ramsey in finding investing professionals who generally agree with the investing philosophy promoted by Lampo and Ramsey.
18. To become an investing ELP, the investment professional completed an on-line application. If there was availability for an ELP in its geographic region, Lampo conducted a phone interview. After the interview, Lampo further evaluated the suitability of the applicant by verifying license credentials, reviewing the applicant’s industry registration history through the Financial Industry Regulatory Authority, and confirming that the applicant was not listed on a sex offender registry.
19. Once accepted into the program, investing ELPs signed contracts with Lampo. ELP contracts required investing ELPs to promote Dave Ramsey’s personal finance and debt elimination philosophy, as published by Lampo. Investing ELPs were also required to promote Dave Ramsey’s general investing philosophy, as published by Lampo. In addition, investing ELPs were expected to provide prompt customer service to referred clients. Lampo substantially revised its standard agreement over the history of the program, including its most recent revision in 2015 to comply with solicitor rules as described in more detail below.
20. In return for the marketing fee, ELPs received referrals from Lampo of individuals who visit the ELP website and who were in that ELP’s given geographic area. The investing ELP program was advertised or referenced in multiple places, including on Lampo’s website, social media, and other publication outlets.

21. The marketing fee paid by investing ELPs was not tied to any product, investment, closure rate, portfolio size or any part of any transaction between an ELP and a referred client. Lampo received no commissions related to any product or series sold or offered by an ELP. All sums paid to Lampo under the ELP program were flat monthly marketing fees.
22. During the Relevant Period, there were up to 26 investing ELPs in Missouri.
23. Lampo does not provide investment advice. Its investing ELP website, however, included statements such as: “Dave’s endorsement is not bought—it’s earned. We have a 45-person team that interviews potential ELPs several times and provides support to make sure your ELP provides the advice Dave would give.” The website also stated: “ELPs don’t work for Dave, but they base their investment advice on his teaching and can help you get started the right way.” Lampo revised its website to avoid the possible appearance of providing investment advice.
24. Lampo had ELPs in Missouri since at least October 2005.
25. Before 2015, Lampo did not deliver a solicitor disclosure statement to clients referred to ELPs who were investment advisers. Lampo started delivering such a statement in 2015.
26. During the Relevant Period, Lampo was not registered in Missouri as an investment adviser, investment adviser representative, broker-dealer, broker-dealer agent, or issuer agent.

CONCLUSIONS OF LAW

27. As set forth above, beginning on or about January 1, 2010, and continuing through on and through to the present, Lampo, through its ELP program, transacted business within the State of Missouri.
28. By operation of the investing ELP program, Lampo qualified as a solicitor, and, by virtue of such and marketing materials, qualified as an independent investment adviser representative as that term is defined in Mo. Rev. Stat. § 409.1-102(16).
29. Subject to certain exceptions, investment adviser representatives, including solicitors, are required to register under Missouri law. One registration exception provides that solicitors are exempt from registration as investment adviser representatives if they meet certain regulatory requirements, including providing a written disclosure statement to the investment advisor (“Solicitor Exemption”). 15 CSR 30-51.180(5).
30. After on or about January 1, 2015 and continuing to the present, Lampo met all of the regulatory requirements for the Solicitor Exemption from registration as an investment adviser representative, including providing a written disclosure statement. *See* 15 CSR 30-51.180(5); 15 CSR 30-51.145(1); 17 CFR § 275.206(4)-3.
31. From on or about January 1, 2010 through on or about December 31, 2014, however, Lampo did not qualify for the Solicitor Exemption because it did not provide a written disclosure statement. As a result, during this time, Lampo was not exempt from the registration requirement under Missouri law, and therefore was in violation of Mo. Rev. Stat. §409.4-404(a). Nor

during this time was Lampo otherwise registered as an investment adviser representative under Missouri law. This violation constitutes grounds to issue an order pursuant to Mo. Rev. Stat. §§409.6-604 and 409.6-605.

32. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondent and the Division, finds and concludes that the Commissioner has jurisdiction over Lampo 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, RSMo.

ORDER

NOW THEREFORE, it is hereby ORDERED that:

1. Lampo, its agents, employees, and servants, and all other persons participating in the above-described violations with knowledge of this order are permanently enjoined and restrained from violating Section 409.4-404(a);
2. Lampo further will either continue to operate the ELP program such that it complies with the Missouri Securities Act, specifically offering a solicitor disclosure to investors, or in not less than 45 days from the date of this Order, Lampo will replace the ELP program with a program that is not subject to the Act.
3. Lampo will pay \$50,000 to the Missouri Investor Education Fund. Within 14 days of the date of this Consent Order, Lampo shall send the \$50,000 to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101. Said payment shall be made payable to the Missouri Secretary of State's Investor Education and Protection Fund. The Division will send the money to the Missouri Secretary of State's Investor Education and Protection Fund.
4. Lampo will pay \$5,000 as the cost of this investigation, which shall be payable 14 days from the date of this Consent Order and made payable to the Missouri Secretary of State's Investor Education and Protection Fund, 600 W. Main Street, Jefferson City, MO 65101.
5. Lampo shall pay its 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 25TH DAY OF OCTOBER, 2016.

JASON KANDER
SECRETARY OF STATE



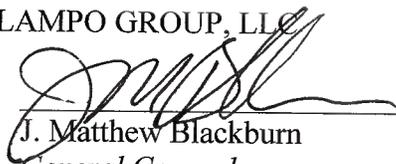
ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES



APPROVED:

THE LAMPO GROUP, LLC

By:



J. Matthew Blackburn
General Counsel

BRADLEY ARANT BOULT CUMMINGS LLP

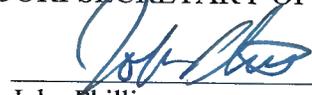
By:



Ty E. Howard
Counsel for The Lampo Group

MISSOURI SECRETARY OF STATE

By:



John Phillips
Director of Enforcement, Missouri Securities Division