



**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

TENNESSEE SECURITIES DIVISION,)
)
 Petitioner,)
)
 v.)
)
 GROGAN ADVISORY SERVICES, LLC)
 and LARRY N. GROGAN)
)
 Respondents.)

Matter No.: 23-01695

CONSENT ORDER

The Securities Division of the Tennessee Department of Commerce and Insurance (“Division”) and Grogan Advisory Services, LLC (“Grogan Advisory”) and Larry N. Grogan (“Grogan”) and together “Respondents” agree to the entry and execution of this Consent Order in accordance with Tennessee Code Annotated (“Tenn. Code Ann.”) § 48-1-116 of the Tennessee Securities Act of 1980 (“Act”) as amended and Tenn. Code Ann. § 48-1-101 et. seq, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance (“Commissioner”).

PARTIES

1. Respondent Grogan Advisory is an investment adviser firm registered with the Division since 2011 and is assigned Central Registration Depository (“CRD”) number 156611 with the Financial Industry Regulatory Authority (“FINRA”).

2. Respondent Grogan is the owner and chief compliance officer of Respondent Grogan Advisory and is assigned CRD number 3107857 with FINRA.

3. The Division is the lawful agent through which the Commissioner discharges the administration of the Act pursuant to Tenn. Code Ann. § 48-1-115.

GENERAL STIPULATIONS

4. It is expressly understood that this Consent Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry and execution of the Commissioner.

5. It is expressly understood that this Consent Order is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

6. This Consent Order is executed by the Commissioner and the Respondents to avoid further administrative action with respect to this cause. Should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

7. The Respondents fully understand that this Consent Order will in no way preclude additional proceedings by the Commissioner against the Respondents for acts and/or omissions not specifically addressed in this Consent Order nor for facts and/or omissions that do not arise from the facts or transactions herein.

8. The Respondents fully understand that this Consent Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for acts or omissions addressed specifically in this Consent Order, violations of law under statutes, rules, or

regulations of the State of Tennessee that arise out of the facts, acts, or omissions contained in this Consent Order, or acts or omissions addressed specifically herein that result from the execution of this Consent Order.

9. The Respondents waive all further procedural steps and waive all rights to seek judicial review of, or otherwise challenge the validity of this Consent Order, the stipulations and imposition of discipline contained herein, or the consideration and entry and execution of this Consent Order by the Commissioner.

10. This Consent Order is submitted on the condition that, if accepted, the Commissioner will not bring any future actions against the Respondents alleging violations based on the same factual findings described herein.

FINDINGS OF FACT

11. On or about May 23, 2022, the Division opened a cyclical examination of Grogan Advisory.

12. Grogan Advisory has previously been examined in 2015 and 2019.

13. During the prior 2015 and 2019 examinations, net capital deficiencies were noted and resolved.

14. During the 2022 examination, the Division discovered that Grogan Advisory failed to maintain a minimum net capital of fifteen thousand dollars (\$15,000) in the months of February 2020 and June 2020. The deficiency for February 2020 was two thousand, four hundred seventy-six dollars (-\$2,476) and the deficiency for June 2020 was one thousand, eight hundred ninety-five dollars (-\$1,895).

15. The Division discovered that Grogan Advisory failed to file a Form U5 approximately ten (10) years after the termination of an investment adviser representative relationship with the firm.

16. The examination revealed that Grogan Advisory overcharged advisory fees for fifteen (15) clients, totaling an overcharge of four thousand, ninety-four dollars and fifty-two cents (\$4,094.52).

17. The examination also revealed that Grogan Advisory included false qualifications and/or statements in approximately thirty-eight (38) client agreements, indicating it is “registered as an Investment Advisor [sic] with the Securities and Exchange Commission (SEC) pursuant to the Investment Advisors [sic] Act of 1940 as amended, and that such registration is currently effective,” Additionally, Grogan Advisory’s client agreements stated, “The IAR is a registered representative of Grogan Advisory Services, of Johnson City, Tennessee, a FINRA registered broker-dealer. As such, the IAR is capable of executing securities transactions through Securities Service Network, Inc.”. Grogan Advisory has maintained an investment adviser registration in TN since 2011, but has never been registered as a broker-dealer or with the SEC as an investment adviser.

CONCLUSIONS OF LAW

18. Pursuant to Tenn. Code Ann. § 48-1-115(a), the responsibility for the administration of the Act is vested in the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility pursuant to Tenn. Code Ann. § 48-1-115(b).

19. Tenn. Code Ann. § 48-1-116 provides that the Commissioner may make, promulgate, amend, and rescind such orders as are necessary to carry out the provisions of the Act

upon a finding that such order is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

20. Tenn. Code Ann. § 48-1-109(f) provides, in part, that:

- (f) It is unlawful for any investment adviser to employ an investment adviser representative unless the investment adviser representative is registered under this part. The registration of an investment adviser representative is not effective during any period when the investment adviser representative is not associated with a particular investment adviser. When an investment adviser representative begins or terminates a connection with an investment adviser, or begins or terminates those activities which make that person an investment adviser representative, both the investment adviser representative and the investment adviser shall promptly notify the commissioner.

21. Tenn. Code Ann. § 48-1-110 provides, in part, that:

- (d) The commissioner may by rule require a minimum net capital for registered broker-dealers and investment advisers.

22. Tenn. Code Ann. § 48-1-112 provides, in part, that:

- (d) In any case in which the commissioner is authorized to deny, revoke, or suspend the registration of a broker-dealer, agent, investment adviser, investment adviser representative, or applicant for broker-dealer, agent, investment adviser, or investment adviser representative registration, the commissioner may, in lieu of or in addition to such disciplinary action, impose a civil penalty in an amount not to exceed five thousand dollars (\$5,000) for all violations for any single transaction, or in an amount not to exceed ten thousand dollars (\$10,000) per violation if an individual who is a designated adult is a victim.

23. Tenn. Code Ann. § 48-1-121(c) provides, in part, that:

- (c) It is unlawful for any person to make or cause to be made, in any document filed with the commissioner or in any proceeding under this part, any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.

24. Tenn. Comp. R. & Regs. 0780-04-03-.01(6) provides, in part, that:

- (a) Except as provided under subparagraph (6)(d) of this Rule, every investment adviser registered or to be registered shall have and maintain a minimum net capital of fifteen thousand dollars (\$15,000).

25. Tenn. Comp. R. & Regs. 0780-04-03-.01(9)(f) provides, in part, that:

- (9) Investment Adviser Representative Registration.
- (f) There is no provision under the Act to transfer an individual investment adviser representative's registration. When an investment adviser representative terminates his relationship with an investment adviser with whom he is registered and commences a new relationship with another investment adviser, a termination of registration shall be effected by the investment adviser with which the individual investment adviser representative had the prior relationship and an application for initial registration shall be filed by the investment adviser with which the individual investment adviser representative proposes to have the new relationship. The termination of registration shall be effected by the investment adviser by submitting a Form U5 through the IARD and CRD System or directly with the Division, whichever is appropriate, within thirty (30) days of the date of termination. The filings prescribed in this subparagraph (9)(f) are not required in the event of a mass transfer of investment adviser representative registrations pursuant to IARD and CRD System operational procedures and are not required in the event of a succession as permitted in T.C.A. § 48-1-110(c).

26. Tenn. Comp. R. & Regs. 0780-04-03-.02(3)(a)8. provides, in part, that:

- (3) Investment Adviser Required Records.
- (a) Except as provided in subparagraph (3)(c) of this Rule, every registered investment adviser shall maintain and keep current the following books and records relating to its business, unless waived by order of the commissioner:
 - 8. Copies of all agreements entered into by the investment adviser with respect to any account, which agreements shall set forth the fees to be charged and the manner of computation and method of payment thereof, and copies of all communications, correspondence, and other records relating to securities transactions;

27. Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)11. provides that misrepresenting to any advisory client, or prospective advisory client, the qualifications of the investment adviser or any employee of the investment adviser, or misrepresenting the nature of the advisory services being offered or fees to be charged for such service, or omitting to state a material fact necessary to make the statements made regarding qualifications, services, or fees is a violation of the Act pursuant to Tenn. Code Ann. 48-1-112(a)(2)(G).

28. Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)13. provides that charging a client an unreasonable advisory fee is a violation of the Act pursuant to Tenn. Code Ann. 48-1-112(a)(2)(G).

29. Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)20. provides that failing to establish, maintain, and enforce written policies and procedures is a violation of the Act pursuant to Tenn. Code Ann. 48-1-112(a)(2)(G).

30. The Findings of Fact detailed above demonstrate that Grogan Advisory failed to maintain minimum net capital pursuant to Tenn. Comp. R. & Regs. 0780-04-03-.01(6)(a) by falling below the minimum net capital in February 2020 by \$2,476 and in June 2020 by \$1,895.

31. The Findings of Fact detailed above demonstrate that Grogan Advisory failed to file a Form U5 pursuant to Tenn. Code Ann. § 48-1-109(f) and Tenn. Comp. R. & Regs. 0780-04-03-.01(9)(f) by filing a Form U5 approximately ten (10) years after the date of termination of an investment adviser representative relationship with the firm.

32. The Findings of Fact detailed above demonstrate that Grogan Advisory overcharged advisory fees for approximately fifteen (15) clients and sixteen (16) accounts pursuant to Tenn. Comp. R. & Regs. 0780-04-03-.02(3)(a)8. and Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)13.

33. The Findings of Fact detailed above demonstrate that Grogan Advisory misrepresented qualifications and statements in client agreements pursuant to Tenn. Code Ann. § 48-1-121(c), Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)11., and Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)20 by submitting approximately thirty-eight (38) incorrect client agreements.

34. The Respondents' violations constitute grounds for the assessment of civil penalties pursuant Tenn. Code Ann. § 48-1-112.

35. The Commissioner finds the following relief appropriate, in the public interest, and necessary for the protection of investors.

ORDER

NOW, THEREFORE, based on the foregoing, including the Respondents' waiver of the right to a hearing and appeal under the Act and the Tennessee Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101 *et seq.*, and the Respondents' admission to the jurisdiction of the Commissioner, the Commissioner finds that the Respondents agree to the entry and execution of this Consent Order to settle this matter as evidenced by the Respondents' signature.

IT IS ORDERED, pursuant to Tenn. Code Ann. § 48-1-116(a), of the Law, that:

1. The Respondents shall **COMPLY** with the Act, as amended, and all rules promulgated thereunder; and

2. The Respondents shall **PAY A CIVIL PENALTY** to the State of Tennessee of four thousand dollars (\$4,000), each of which shall be held jointly and severally liable for such, pursuant to the following payment terms:

The payment of the above civil penalty shall be made by check payable to the "Tennessee Department of Commerce and Insurance" within thirty (30) days of the execution of this Order by

the Commissioner. Page one (1) of this Consent Order must accompany the payment for reference.
Payment and proof of refund to the affected clients shall be mailed to the attention of:

**State of Tennessee
Department of Commerce and Insurance
Attn: Catherine Tabor
500 James Robertson Parkway
Davy Crockett Tower
Nashville, Tennessee 37243**

3. This consent order does not constitute a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct.
4. **GRACE PERIOD** – Payment shall be made in a timely manner if postmarked within five (5) business days of the date payment is due.
5. **DELINQUENCY** – Respondents hereby agree that failure to make any payment according to this Consent Order shall result in the immediate suspension of Respondents’ registrations with the Division until such time the full arrearage is satisfied.
6. **MODIFICATION** – The Division and Respondent hereby agree that modifications to this Consent Order regarding any term may only be made in writing and signed
7. The Respondents’ failure to comply with the terms of this Consent Order, including the manner and method of payment of the civil penalty described above, shall result in further administrative disciplinary actions, which may include the assessment of additional civil penalties.
8. This Consent Order represents the complete and final resolution of and discharge of all administrative and civil claims, demands, actions, and causes of action by the Commissioner against the Respondents for violations of the Act with respect to the transactions involved in above-referenced facts. However, excluded from and not covered by this paragraph, are any claims by the Division arising from or relating to the enforcement of the Consent Order provisions contained herein.

9. This Consent Order is in the public interest and the best interests of the Parties. It represents a settlement of the controversy between the Parties and is for settlement purposes only. By the signatures affixed below, or in two (2) or more counterparts, the Respondents affirmatively state the following: the Respondents freely agree to the entry and execution of the Consent Order; the Respondents waive the right to a hearing on, or a review of, the matters, the Findings of Fact, and the Conclusions of Law underlying this Consent Order or the enforcement of this Consent Order; and the Respondents encountered no threats or promises of any kind by the Commissioner, the Division, or any agent or representative thereof.

10. By signing this Consent Order, the Commissioner, the Division, and the Respondents affirmatively state their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement as set forth in this Consent Order, are binding upon them.

11. This Consent Order may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. The facsimile, email, or other electronically delivered signatures of the parties shall be deemed to constitute original signatures, and facsimile or other electronic copies shall be deemed to constitute duplicate originals.

ENTERED AND EXECUTED 09/08/2025.


ENTERED AND EXECUTED (Page 8, 2025-15-29-28 CDT)

Carter Lawrence, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY AND EXECUTION:



Larry N. Grogan

Individually and on behalf of:

Grogan Advisory Services, LLC



Elizabeth Bowling (Sep 5, 2025 15:48:59 CDT)

Elizabeth Bowling

Assistant Commissioner for Securities

Department of Commerce and Insurance



Catherine A. Tabor (Sep 5, 2025 09:20:00 CDT)

Catherine Tabor, BPR #038467

Associate General Counsel

Department of Commerce and Insurance