



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

TENNESSEE SECURITIES DIVISION,)
)
)
 Petitioner,)
)
)
 v.) **MATTER No.: 25-0000746**
)
)
 SMEAC FINANCIAL, LLC)
 and BLAKE JACKSON CATE, JR.)
)
)
 Respondents.)

CONSENT ORDER

The Securities Division of the Tennessee Department of Commerce and Insurance (“Division”) and SMEAC Financial, LLC (“SMEAC”) and Blake Jackson Cate, Jr. (“Cate”) 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 to 48-1-201, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance (“Commissioner”).

PARTIES

1. SMEAC is an investment adviser firm registered with the Division since August 21, 2020, with its principal place of business located in Nolensville, Tennessee, and is assigned Central Registration Depository (“CRD”) Number 308990 with the Financial Industry Regulatory Authority (“FINRA”).

2. Cate is the owner and Chief Compliance Officer of SMEAC and is assigned CRD Number 716303 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, the Division, 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 Respondent 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 March 27, 2024, the Division opened a cyclical examination of the SMEAC. This was the firm's second cyclical exam since becoming registered in Tennessee on August 21, 2020.

12. During the firm's first examination, the Division discovered that the firm did not maintain monthly net capital calculations and failed to maintain the minimum net capital requirements. As a result of these findings, the Division issued a warning letter to the Respondents.

13. During the firm's second cyclical examination, the Division discovered that SMEAC failed to establish written agreements on an account basis as required, involving eight (8) clients, encompassing a total of seventeen (17) accounts. The firm maintained approximately nineteen (19) clients with thirty-three (33) accounts in total.

14. The Respondents failed to follow the terms outlined in the client agreements. The firm addressed the issue by obtaining completed suitability questionnaires for all clients.

15. During the examination, the Division discovered that the firm failed to retain documentation showing initial delivery of its Form ADV Part 2A and privacy policy for six (6) of approximately eighteen (18) households. The firm resolved the issue by obtaining the clients' initials, documenting delivery during the examination.

16. Respondents failed to maintain a trade blotter documenting securities transactions, including dates, amounts, and execution prices for each client account. The issue was resolved by obtaining the trade blotter from the firm's custodian.

17. During the examination, it was discovered that the firm failed to review and update its policies and procedures to reflect that it does not send client invoices and did not revise its business continuity plan to include required disclosures. The firm has since resolved this issue.

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

(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;

21. Tenn. Comp. R & Regs. 0780-04-03-.02(6) provides, in part, that:
 - (c) The following are deemed “dishonest or unethical business practices” by an investment adviser or an investment adviser representative under T.C.A. § 48-1-112(a)(2)(G), to the extent permitted under Section 203A of the Investment Advisers Act, without limiting those terms to the practices specified herein:
 11. 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, in light of the circumstances under which they are made, not misleading;
22. Tenn. Comp. R. & Regs. 0780-04-03-02(6) provides, in part, that:
 - (c) The following are deemed “dishonest or unethical business practices” by an investment adviser or an investment adviser representative under T.C.A. § 48-1-112(a)(2)(G), to the extent permitted under Section 203A of the Investment Advisers Act, without limiting those terms to the practices specified herein:
 19. Entering into, extending, or renewing any investment advisory contract, unless such contract is in writing and, in substance, discloses:
 - (iii) The advisory fee;
23. Tenn. Comp. R & Regs. 0780-04-03-.10(2) provides, in part, that:
 - (a) An investment adviser, except as provided in subparagraph (2)(b) of this Rule shall deliver the statement required by this subparagraph (2)(a) to an advisory client or prospective advisory client:
24. Tenn. Comp. R & Regs. 0780-04-03-.10(3) provides, in part, that:
 - (a) An investment adviser, except as provided in subparagraph (3)(b) of this Rule, annually shall, without charge, deliver or offer in writing to deliver upon written request to each of its advisory clients the statement required by this Rule.

25. Tenn. Comp. R. & Regs. 0780-04-03.02(6) provides, in part, that:

(c) The following are deemed “dishonest or unethical business practices” by an investment adviser or an investment adviser representative under T.C.A. § 48-1-112(a)(2)(G), to the extent permitted under Section 203A of the Investment Advisers Act, without limiting those terms to the practices specified herein:

20. Exercising any discretionary power in placing an order for the purchase or sale of securities for the account of a customer without first obtaining written discretionary authority from the customer;

26. Tenn. Comp. R. & Regs. 0780-04-03.02(3) provides, in part, that:

(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:

(4) Records showing separately for each client the securities purchased or sold, and to the extent it has been made available to the investment adviser, the date on which, amount of, and price at which the purchases or sales were executed, and the name of the broker-dealer who effected the transaction;

27. The Findings of Fact detailed above show that Respondents failed to maintain required records, in violation of Tenn. Comp. R. & Regs. 0780-04-03-.02(3)(a)8.

28. The Findings of Fact detailed above show that Respondents failed to maintain required solicitor agreements, in violation of Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)11.

29. The Findings of Fact detailed above show that Respondents' prohibited practices, in violation of Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)19.(iii).

30. The Findings of Fact detailed above show that Respondents failed to maintain written disclosure statements by investment advisers, in violation of Tenn. Comp. R. & Regs. 0780-04-03-.10(2)(a) and Tenn. Comp. R. & Regs. 0780-04-03-.10(3)(a).

31. The Findings of Fact detailed above show that Respondents failed to maintain client agreements, in violation of Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)20.

32. The Findings of Fact detailed above show that Respondents failed to maintain records of all written communication, in violation of Tenn. Comp. R. & Regs. 0780-04-03-.02(3)(a)4.

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

34. 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 three thousand dollars (\$3,000), pursuant to the following payment terms:

The payment of such civil penalty shall be made by check payable to the Tennessee Department of Commerce and Insurance within (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 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. **GRACE PERIOD** – Payment shall be timely made if postmarked within five (5) business days of the date payment is due.

4. **ACCELERATION** – Respondents hereby agree that failure to remit any payment more than sixty (60) calendar days following the due date of said payment as indicated in the above scheduled payments shall constitute default. Upon default, the entire outstanding civil penalty shall be due and payable immediately.

5. **DELINQUENCY** – Respondents hereby agree that failure to make any payment according to this Consent Order shall result in the immediate revocation of Respondents’ registrations with the Division.

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 by an authorized representative of each party.

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 (2) 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 September 25, 2025.



Carter Lawrence, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY AND EXECUTION

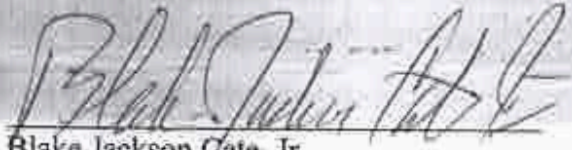
Blake Jackson Cate, Jr.
Individually and on behalf of:
SMEAC Financial, LLC


Elizabeth Bowling (Sep 24, 2025 15:48:41 CDT)

Elizabeth Bowling
Assistant Commissioner for Securities
Department of Commerce and Insurance


Catherine Tabor (Sep 24, 2025 08:43:41 CDT)

Catherine Tabor, BPR #038467
Associate Counsel
Department of Commerce and Insurance



Blake Jackson Cato, Jr.
Individually and on behalf of:
SMEAC Financial, LLC

Elizabeth Bowling
Assistant Commissioner for Securities
Department of Commerce and Insurance

Catherine Tabor, BPR #038467
Associate Counsel
Department of Commerce and Insurance