



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

TENNESSEE SECURITIES DIVISION,)
)
 Petitioner,)
)
 v.) **TSD No.: 21-022**
)
 LATTICE WEALTH ADVISORS, LLC and)
 KEVIN LAMAN,)
)
 Respondents.)

CONSENT ORDER

The Securities Division of the Tennessee Department of Commerce and Insurance (“Division”), by and through undersigned counsel, and Lattice Wealth Advisors, LLC and Kevin Laman (collectively “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”).

I. PARTIES

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

2. Lattice Wealth Advisors, LLC (“Respondent LWA”), an investment adviser, is assigned Central Registration Depository (“CRD”) number 301132 and maintains an address of record of 4610 Brainerd Road, Unit 6, Chattanooga, Tennessee 37411.

3. Kevin Laman (“Respondent Laman”), an investment adviser representative and owner and chief compliance officer (“CCO”) of Respondent LWA, is assigned CRD number 5170111 and maintains a business address of record of 4610 Brainerd Road, Unit 6, Chattanooga, Tennessee 37411.

II. 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 this Consent Order by the Commissioner. Entry and execution of this Consent Order by the Commissioner shall occur when the Commissioner signs and dates this Consent Order.

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 the same findings of fact described herein. 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 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.

III. FINDINGS OF FACT

10. On July 31, 2019, Respondent LWA became a registered investment adviser with the Division.

11. Respondent Laman is the owner and CCO of Respondent LWA.

12. On July 8, 2020, the Division opened a routine examination of Respondent LWA.

13. The examination found that the Respondents failed to disclose in the client agreements to one hundred eighty (180) clients that their accounts were part of a wrap fee program.

14. As of April 27, 2021, the Respondents updated their client agreement, and obtained new client agreements from all but five (5) clients.

15. The Respondents submitted a balance sheet to the Division that showed Respondent LWA had one hundred seventeen thousand dollars (\$117,000) in cash as of March 12, 2019; however, Respondent LWA did not have a bank account until April 2019 and was unable to

provide bank statements to verify the cash holdings because the funds were in Respondent Laman's personal bank account.

16. The one hundred seventeen thousand dollars (\$117,000) was transferred to Respondent LWA's account in October 2019, therefore, the Respondents did not meet the Division's net capital requirement for July, August, and September 2019.

17. The Respondents did not amend their year-end 2019 balance sheet until March 29, 2021.

18. The Respondents are currently in compliance with the Division's net capital requirement.

IV. CONCLUSIONS OF LAW

19. 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).

20. 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.

21. Tenn. Code Ann. § 48-1-112(a)(1) and (a)(2)(G) provide that the Commissioner may by order deny, suspend, or revoke any registration upon finding that the order is in the public interest, necessary for the protection of investors, and the applicant or registrant has engaged in dishonest or unethical practices in the securities business.

22. Tenn. Code Ann. § 48-1-112(d) establishes that when the Commissioner is

authorized to deny, revoke, or suspend the registration of an investment adviser or investment adviser representative, “the [C]ommissioner may . . . 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. Comp. R. & Regs. 0780-04-03-.02(6)(c)(19)(iii) and (iv) establish that failure to disclose the advisory fee or the means of calculating the advisory fee is deemed dishonest or unethical business practices by an investment adviser or investment adviser representative pursuant to Tenn. Code Ann. § 48-1-112(a)(2)(G).

24. Tenn. Comp. R. & Regs. 0780-04-03-.01(6)(a) establishes that an investment adviser “shall have and maintain a net capital of fifteen thousand dollars (\$15,000).”

25. Tenn. Code Ann. § 48-1-111(c) establishes that “[i]f the information contained in any document filed with the [C]ommissioner is or becomes inaccurate or incomplete in any material respect, the registrant shall promptly file a correcting amendment.”

26. Based on the Findings of Fact above, the Respondents engaged in dishonest and unethical practices in the securities business when the wrap fee was not disclosed in their client agreement.

27. Based on the Findings of Fact above, the Respondents failed to meet the required monthly net capital and failed to timely file an amended 2019 balance sheet.

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

V. 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.*, as well as 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, that the Respondents shall:

1. Comply with the Act, as amended, and all rules promulgated thereunder;
2. Pay a civil penalty to the State of Tennessee of two thousand, five hundred dollars (\$2,500). The payment of such civil penalty shall be made by check payable to the Tennessee Department of Commerce and Insurance. Page one (1) of this Consent Order must accompany the payment for reference. Payment shall be remitted within thirty (30) days after entry and execution of this Consent Order, as evidenced by the Commissioner's signature, and mailed to the attention of:

**State of Tennessee
Department of Commerce and Insurance
Attn: William H. Leslie
500 James Robertson Parkway
Davy Crockett Tower
Nashville, Tennessee 37243**

3. 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 action, which may include the assessment of additional civil penalties.

4. 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 the 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.

5. 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 this 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.

6. 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.

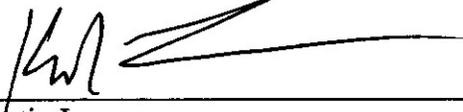
7. This Consent Order may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. The facsimile, email, or other electronically delivered signatures of the parties shall be deemed to constitute original signatures, and facsimile or electronic copies shall be deemed to constitute duplicate originals.

ENTERED AND EXECUTED October 23, 2021.


Carter Lawrence (Oct 23, 2021 11:06 CDT)

**Carter Lawrence, Commissioner
Department of Commerce and Insurance**

APPROVED FOR ENTRY AND EXECUTION:



Kevin Laman
Owner and Chief Compliance Officer
Lattice Wealth Advisors, LLC
Respondent


EB (09/27, 2021 06:31 CDT)

Elizabeth Bowling
Assistant Commissioner for Securities
Department of Commerce and Insurance



Kevin Laman
Respondent



William H. Leslie, BPR #036098
Associate General Counsel for Securities
Department of Commerce and Insurance



David Spiller
Counsel for Respondents