



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

TENNESSEE SECURITIES DIVISION,)
)
 Petitioner,)
)
 v.) **TSD No.: 21-059**
)
 RIVERVIEW CAPITAL MANAGEMENT)
 and PATRICK W. FARNSLEY,)
)
 Respondents.)

CONSENT ORDER

The Securities Division of the Tennessee Department of Commerce and Insurance (“Division”), by and through undersigned counsel, and Riverview Capital Management (“Respondent Riverview”) and Patrick W. Farnsley (“Respondent Farnsley”) (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. Respondent Riverview is an investment adviser with an assigned Central Registration Depository (“CRD”) number of 149195 and maintains a business address in Chattanooga, Tennessee.

3. Respondent Farnsley is an investment adviser representative, chief compliance officer, and owner of Respondent Riverview with an assigned CRD number of 5635317 and maintains a business address in Chattanooga, Tennessee.

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 March 29, 2018, Respondent Riverview's registration as an investment adviser was approved.

11. On April 18, 2019, the Division entered into a Consent Order with the Respondents for acting as an unregistered investment adviser from January 1, 2019 through January 11, 2019, and the Respondents were assessed a five hundred dollar (\$500) civil penalty.

12. On September 10, 2020, the Division commenced a post-registration cyclical examination of the Respondents.

13. The examination found that the Respondents failed to promptly amend Respondent Riverview's Form ADV disclosing the April 18, 2019, Consent Order.

14. The examination found that the Respondents failed to disclose the Consent Order on Respondent Riverview's Form ADV and brochure four (4) times: March 5, 2020; March 6, 2020; March 11, 2020; and October 16, 2020.

15. Item 11, question 2 on Form ADV Part 1A asks if any state regulatory agency has "ever found you or any advisory affiliate to have been involved in a violation of investment-related regulations or statutes?"

16. The Respondents answered "no" to Item 11, question 2 on Form ADV Part 1A.

17. Item 9 on Form ADV Part 2A requires any disciplinary events that are material to be disclosed to current or prospective clients.

18. The Respondents failed to disclose the Consent Order on Item 9 on Form ADV Part 2A.

19. During the exam, the Respondents updated Respondent Riverview's Form ADV and notified their clients of the Consent Order.

IV. CONCLUSIONS OF LAW

20. 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).

21. 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.

22. Tenn. Code Ann. § 48-1-112(a)(1) and (a)(2)(A) 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 has filed an application for registration that includes any untrue statement of material fact or omits to state any material fact.

23. 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.”

24. Tenn. Code Ann. § 48-1-110(a)(1) and (a)(2)(D) establish that an investment adviser seeking renewal must complete an application on such form as designated by the Commissioner and include matters concerning “[a]ny injunction or administrative order . . . involving a security or any aspect of the securities business . . . [.]”

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. Tenn. Comp. R. & Regs. 0780-04-03-.08(1)(b) establishes that an investment adviser must disclose to any client or prospective client all material facts with respect to a “legal or disciplinary event that is material to an evaluation of the adviser’s integrity or ability to meet contractual commitments to clients.”

27. Tenn. Comp. R. & Regs. 0780-04-03-.10(1) establishes that an investment adviser shall “furnish each advisory client and prospective advisory client with a written disclosure

statement which may be either a copy of Part 2 of its Form ADV” or a document containing the same information as Part 2 of Form ADV.

28. Tenn. Comp. R. & Regs. 0780-04-03-.10(5) establishes that “[n]othing in this Rule shall relieve any investment adviser from any obligation pursuant to any provision of the Act or these Rules or other federal or state law to disclose any information to its advisory clients or prospective advisory clients not specifically required by this Rule.”

29. Tenn. Comp. R. & Regs. 0780-04-03-.02(4) establishes, in pertinent part, that:

...

(d) Except as otherwise provided in the Act, all material changes in the information included in an investment adviser’s most recent application for registration shall be set forth in an amendment to Form ADV, pursuant to the updating instructions on Form ADV, and filed promptly through the IARD or directly with the Division, whichever is appropriate.

(e) Each investment adviser registered in this state shall file with the Division within ninety (90) days after the end of the registrant’s fiscal year, an annual updated Form ADV prepared pursuant to the updating instructions on Form ADV. Such annual updating amendment to Form ADV shall be filed through the IARD or directly with the Division, whichever is appropriate.

...

30. Based on the Findings of Fact above, the Respondents failed to promptly amend Respondent Riverview’s Form ADV after the Consent Order was executed.

31. Based on the Findings of Fact above, the Respondents failed to amend Respondent Riverview’s Form ADV to show the Consent Order in Respondent Riverview’s 2019 renewal filing on March 6, 2020.

32. Based on the Findings of Fact above, the Respondents failed to disclose material facts of a disciplinary event to its clients or prospective clients in Respondent Riverview's Form ADV amendments filed on March 5, 2020; March 6, 2020; March 11, 2020; and October 21, 2020.

33. 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.*, 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 dollars (\$2,000). 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 of the date of 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.

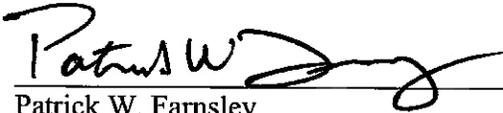
The facsimile, email, or other electronically delivered signatures of the parties shall be deemed to constitute original signatures, and facsimile or electronic copies shall be deemed to constitute duplicate originals.

ENTERED AND EXECUTED March 23, 2022.


Carter Lawrence (Mar 23, 2022 11:33 CDT)

Carter Lawrence, Commissioner
Department of Commerce and Insurance

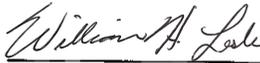
APPROVED FOR ENTRY AND EXECUTION:



Patrick W. Farnsley
Individually, and on behalf of,
Riverview Capital Management


Elizabeth Bowling (Mar 22, 2022 11:03 CDT)

Elizabeth Bowling
Assistant Commissioner for Securities
Department of Commerce and Insurance



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