



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

**TENNESSEE SECURITIES DIVISION,** )  
 )  
 **Petitioner,** )  
 )  
 **v.** )  
 )  
 **LEXINGTON INVESTMENT** )  
 **CONSULTING, LLC** )  
 )  
 **and DALE E. VEITCH** )  
 )  
 **Respondents.** )

**APD Case No. 12.06-244279J**

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**AGREED ORDER**

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The Securities Division of the Tennessee Department of Commerce and Insurance (“Division”) and Lexington Investment Consulting, LLC (“Lexington Investment”) and Dale E. Veitch (“Veitch”), together (“the Respondents”), agree to the entry and execution of this Agreed 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. Lexington Investment Consulting, LLC is an investment adviser firm registered with the Tennessee Securities Division since April 15, 2013. Lexington Investment is an investment adviser firm with its principal place of business located in Nashville, Tennessee, and

is assigned Central Registration Depository (“CRD”) Number 127618 with the Financial Industry Regulatory Authority (“FINRA”).

2. Lexington Investment is a wholly-owned subsidiary of Lexington Financial Life Management, LLC (“Lexington Financial”). Lexington Financial’s sole source of income is derived from Lexington Investment, who is treated as a pass-through entity for federal tax purposes. Lexington Financial and Lexington Investment maintain their financial records on a consolidated basis. Veitch is the majority owner of Lexington Financial.

3. Veitch is the manager and Chief Compliance Officer of Lexington Investment and is assigned CRD Number 2412265 with FINRA. Veitch is a registered investment adviser representative in the state of Tennessee.

4. 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**

5. It is expressly understood that this Agreed 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.

6. It is expressly understood that this Agreed Order is in the public interest and consistent with the purposes fairly intended by the policy and provisions of the Act.

7. This Agreed Order shall be executed by the Commissioner, the Division, and the Respondents to avoid further administrative action with respect to this cause; the parties herein agree to enter into this Agreed Order at this time. Should this Agreed Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Agreed Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation

or resolution of these proceedings.

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

9. The Respondents fully understand that this Agreed Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for acts or omissions addressed specifically in this Agreed 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 Agreed Order, or acts or omissions addressed specifically herein that result from the execution of this Agreed Order.

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

11. This Agreed 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**

12. Since Lexington has been registered in TN, it has maintained a record with no reportable disclosures, complaints or alleged violations of any securities rules or regulations under the Act.

13. On or about May 17, 2023, the Division opened a cyclical examination of Lexington Investment and discovered that Lexington Investment had fallen below the fifteen thousand dollars (\$15,000) net capital requirement during the period covered by the examination.

14. Until 2022, Lexington maintained its financial records monthly in arrears. Because of the time it took to do monthly billings, Lexington changed its accounting method to billing quarterly in advance. However, for the calculation of net capital in accordance with GAAP, the accrual method is required. This temporarily appeared to reduce the net capital of the firm. The funds were held by the holding company, Lexington Financial, which was the sole owner of Lexington Investment.

15. As a result of the changes to the billing and accounting method, Lexington Investment fell below the minimum net capital of fifteen thousand dollars (\$15,000) at various times in 2022 and 2023.

16. Lexington Investment held at least fifteen thousand dollars (\$15,000) cash in Lexington Financial, their unregistered holding company's account, and failed to consider the unearned revenue liability caused by collecting fees in advance. It is not disputed that at all times, Lexington Financial had funds to cover any lack of capital in Lexington Investment that was reflected on Lexington Investment's balance sheets. However, in the calculation of Lexington Investment's net capital, in order to comply with GAAP, the assets of Lexington Financial cannot be used.

### **CONCLUSIONS OF LAW**

17. 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).

18. Tenn. Code Ann. § 48-1-116 provides that the Commissioner may make,  
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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.

19. Tenn. Code Ann. § 48-1-110(a)(5)(d) and Tenn. Comp. R. & Regs. 0780-04-03-.01(6)(a) require that every investment adviser registered or to be registered shall have and maintain a minimum net capital of fifteen thousand dollars (\$15,000). Failure to maintain this minimum requirement is a violation pursuant to Tenn. Code Ann. §48-1-112.

20. The Findings of Fact detailed in Paragraph Twelve (12) through Paragraph Fourteen (14) above demonstrate that Respondents violated the net capital requirements of Tenn. Comp. R. & Regs. 0780-04-03-.01(6)(a) and Tenn. Code Ann. § 48-1-110(a)(5)(d) by failing to meet the net capital requirements for various times in 2022 and 2023.

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

22. While Respondents do not deny that they failed to meet the net capital requirements contained in Tenn. Comp. R. & Regs. 0780-04-03-.01(6)(a) and Tenn. Code Ann. § 48-1-110(a)(5)(d), for various times in 2022 and 2023, Respondents' actions were an inadvertent violation of Tennessee law due to Respondents' change in accounting methods and not an intentional disregard of Tenn. Code Ann. § 48-1-101 to 48-1-201.

23. 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 Agreed 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;

2. Respondent Veitch shall **COMPLETE** six (6) hours of investment adviser continuing education within thirty (30) days of the execution and entry of this Agreed Order. All required continuing education must be from providers approved by the North American Securities Administrators Association ("NASAA").

Proof of completion shall be submitted to the Division's Director of Registration, April Odom, by sending such via email to April.X.Odom@tn.gov no later than forty-five (45) days following entry and execution of this Agreed Order; and

3. The Respondents **PAY A CIVIL PENALTY** to the State of Tennessee of five hundred dollars (\$500), each of which shall be held jointly and severally liable for such, 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 thirty (30) days of the execution of this Order by the Commissioner. Page one (1) of this Agreed 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**

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. **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.

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

7. **MODIFICATION** – The Division and Respondent hereby agree that modifications to this Agreed Order regarding any term may only be made in writing and signed

8. The Respondents' failure to comply with the terms of this Agreed 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.

9. This Agreed 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 Agreed Order provisions contained herein.

10. This Agreed 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 Agreed 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 Agreed Order or the enforcement of this Agreed Order; and the Respondents encountered no threats or promises of any kind by the Commissioner, the Division, or any agent or representative thereof.

11. By signing this Agreed Order, the Commissioner, the Division, and the Respondents affirmatively state their agreement to be bound by the terms of this Agreed 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 Agreed Order, are binding upon them.

12. This Agreed 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** Feb 25, 2025, 2025.

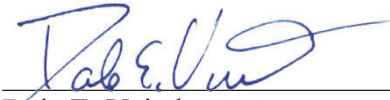
  
Carter Lawrence (Feb 25, 2025 20:50 CST)

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Carter Lawrence, Commissioner  
Department of Commerce and Insurance



**APPROVED FOR ENTRY AND EXECUTION:**



Dale E. Veitch  
*Individually and on behalf of:*  
Lexington Investment Consulting, LLC



Elizabeth Bowling (Feb 24, 2025 13:49 CST)

Elizabeth Bowling  
Assistant Commissioner for Securities  
Department of Commerce and Insurance



Frank Borger Gilligan, BPR # 027111  
Dickinson Wright, PLLC  
Counsel for Dale E. Veitch and Lexington  
Investment Consulting, LLC



Catherine A. Tabor (Feb 21, 2025 13:34 CST)

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



Courtney A. Smith, BPR #032367  
Associate General Counsel  
Department of Commerce and Insurance