

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. S-16-0018

ORDER NO. S-16-0018-16-OR02

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

**CHASTAIN FINANCIAL, LLC
AND CARLA L. CHASTAIN**

RESPONDENTS

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Securities Act, codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509 (“Act”), the Rules of the Arkansas Securities Commissioner (“Rules”) promulgated under the Act and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-15-219 in accordance with an agreement by and between the Staff of the Arkansas Securities Department (“Staff”) and Chastain Financial, LLC (“Chastain Financial”) and Carla L. Chastain (“Chastain”) (collectively, the “Respondents”) in full and final settlement of all claims that could be brought against the Respondents by the Staff on the basis of the facts set forth herein.

The Respondents admit the jurisdiction of the Act and the Arkansas Securities Commissioner (“Commissioner”), waive their right to a formal hearing, and without admitting or denying the findings of fact or conclusions of law made herein, consent to the entry of this Order and agree to abide by its terms in the settlement of any possible violations committed by them in relation to the matters detailed in this Order.

FINDINGS OF FACT

1. Chastain Financial is an Arkansas limited liability company with its principal place of business located at 5305 Village Parkway, Suite 10, Rogers, AR 72758. Chastain Financial has

never been registered with the Arkansas Securities Department (“Department”) in any capacity pursuant to the Act.

2. Chastain is an Arkansas resident currently living in Rogers, Arkansas. Chastain is President and CEO of Chastain Financial and according to records on file with the Arkansas Secretary of State, Chastain serves as the registered agent of Chastain Financial. Chastain is not registered with the Department in any capacity pursuant to the Act.

3. Chastain has a disciplinary history with the Department as well as other state agencies. This disciplinary history is set out in further detail as follows:

- a. On or about May 25, 2005, Chastain’s investment adviser representative registration was revoked and her registration as a broker-dealer agent was suspended by the Arkansas Securities Commissioner in Order No. S-03-039-05-CO01. In addition to revoking and suspending Chastain’s registration, Chastain was ordered to pay a fine in the amount of \$100,000.00, \$80,000.00 of which remains outstanding;
- b. In 2008, Chastain was fined \$100.00 for insurance code violations by the State of Oklahoma in Case No. 08-1496-DIS for failing to timely inform the Insurance Commissioner of her change of address;
- c. In 2013, Chastain violated the Arkansas Insurance Code and was placed on probation in Case No. AID 2013-76 for using an unregistered insurance agency name;
- d. In March of 2016, Chastain was fined \$500.00 for violation of Oregon’s Insurance Code in Case No. INS-16-79. On May 5, 2016 the Order was vacated;

- e. On or about March 16, 2016 the Arkansas Securities Commissioner issued a Cease and Desist Order, Order No. S-16-0018-16-OR01, directing Respondents to refrain from engaging in investment adviser or broker-dealer related activity and, to immediately cease and desist from committing fraud or deceit in connection with the offer or sale of any securities in Arkansas; and,
- f. On or about September 19, 2016 Chastain was placed on probation for a period of three (3) years by the Arkansas Insurance Department and fined \$1,000.00 in Case No. AID 2016-080.

4. In February 2016, Chastain Financial mailed invitations for a free dinner seminar in Rogers, Arkansas to potential clients that contained untrue and misleading statements. Included in the invitation was information pertaining to Chastain and Chastain Financial in which Chastain claimed to be an investment adviser representative. Chastain's claim of being an investment adviser representative were, in fact, untrue as she is not registered with the Department in any capacity.

5. In addition to claiming to be in investment adviser representative, the invitation also stated that Chastain had "earned her IRA Distribution Specialist designation with the Ed Slott Institute." Upon investigation, the Staff discovered there is no "Ed Slott Institute." There is however an Ed Slott and Company, LLC ("Ed Slott"). Chastain did attend an Ed Slott sponsored "Advanced IRA Rollover and Distribution Training Seminar," however, upon contacting Ed Slott the Staff was informed that they do not offer any special or professional designations to any of its members. Chastain's claim of earning an "IRA Distribution Specialist Designation" was misleading and untrue.

APPLICABLE LAW

6. Ark. Code Ann § 23-42-301(c) provides that it is unlawful for a person to transact business in this state as an investment adviser or investment adviser representative without first being registered as such pursuant to the Act.

7. Ark. Code Ann. § 23-42-307(a)(3) provides that it is unlawful for any investment adviser or representative to make any untrue statement of material fact or omit to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading.

8. Ark. Code Ann. § 23-42-507(2) makes it unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.

CONCLUSIONS OF LAW

9. Chastain's registration as an investment adviser representative was revoked by the Department in 2005, and has never been reinstated. Despite not being registered, Chastain has, at times, continued to hold herself out as being able to serve as an investment adviser representative according to Rule 102.01(45) of the Rules of the Arkansas Securities Commissioner. Therefore, Chastain is in violation of Ark. Code Ann. § 23-42-301(c).

10. Chastain violated Arkansas law in connection with the offer of investment adviser services by making false and misleading statements of a material fact by holding herself out as an investment adviser representative and that she had earned an "IRA Distribution Specialist designation from the Ed Slott Institute." Chastain never obtained such a designation. Therefore, Chastain violated Ark. Code Ann. § 23-42-307(a)(3) and Ark. Code Ann. § 23-42-507(2).

OPINION

11. This Order is in the public interest. The facts set out in Paragraphs 1 through 5 support the violations of the Act and Rules set out in Paragraphs 6 through 10.

ORDER

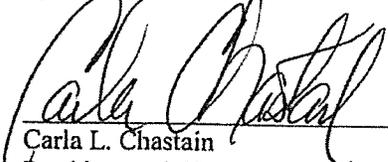
By agreement and with consent of the Staff, Chastain and Chastain Financial, IT IS HEREBY ORDERED:

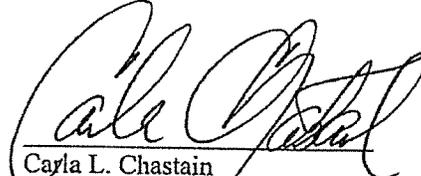
1. Respondent Chastain shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-301(c), and refrain from acting as an investment adviser representative.
2. Respondents shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-307(a)(3) and Ark. Code Ann. §23-42-507(2).
3. Respondent shall not reapply for registration as a broker-dealer agent, agent of an issuer, or investment adviser representative in Arkansas within ten (10) years from the date of the entry of this Order.
4. Any failure by Chastain or Chastain Financial to adhere to this Order shall be considered a violation of this Order authorizing the Commissioner to apply to the Pulaski County Circuit Court to enforce compliance with this Order, pursuant to Ark. Code Ann. § 23-42-209(a)(3)(B).



B. Edmond Waters
Arkansas Securities Commissioner

Respondents, Chastain and Chastain Financial, hereby agree to the entry of this Consent Order; consent to all terms, conditions, and orders contained therein; and waive any right to an appeal from this Order.


Carla L. Chastain
President and CEO of Chastain
Financial, LLC

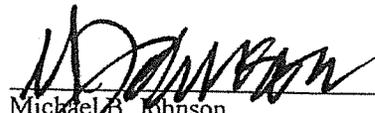

Carla L. Chastain

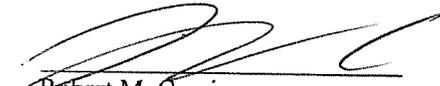
12-12-2016
Date

12-12-2016
Date

APPROVED AS TO FORM:

APPROVED AS TO FORM
AND CONTENT:


Michael B. Johnson
Counsel for Respondents
Johnson Law Firm, PLLC


Robert M. Cossio
Staff Attorney
Arkansas Securities Department

12-12-2016
Date

12-12-16
Date