

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-18-0105
ORDER NO. S-18-0105-18-OR01**

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ARKANSAS SECURITIES DEPT.

**IN THE MATTER OF:
MATTHEW LEON WHITE**

RESPONDENT

CONSENT ORDER

This Consent Order (“Order”) is entered pursuant to the Arkansas Securities Act (“Act”), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509, the Rules of the Arkansas Securities Commissioner promulgated pursuant to the Act (“Rules”), and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-15-219, in accordance with an agreement between the Staff of the Arkansas Securities Department (“Staff”) and the Respondent, Matthew Leon White (“White”).

The Respondent admits the jurisdiction of the Act and the Arkansas Securities Commissioner (“Commissioner”), waives his right to a formal hearing and appeal, consents to the entry of this Order, and agrees to abide by its terms in full and final settlement of all claims that could be brought against him on the basis of the facts set forth herein.

FINDINGS OF FACT

1. White, CRD No. 5365185, is an Arkansas resident who was most recently registered with the Arkansas Securities Department (“Department”) as a broker-dealer agent and investment adviser representative with MML Investors Services, LLC (“MML”), CRD No. 10409. White was registered with MML as a broker-dealer agent from June 9, 2015, until June 7, 2018, and as an investment adviser representative with MML from October 27, 2015, until June 7, 2018.

2. Prior to his employment with MML, White organized two real estate business ventures which he disclosed to MML as outside business activities upon becoming hired and registered with the firm. White's initial Form U4 while with MML classified the two ventures as simple rental property positions. While registered with MML, White organized three additional real estate business ventures which were approved by the firm as outside business activities and were also classified as simple rental property positions on White's Form U4. The last of these real estate business ventures was approved by MML as an outside business activity in October of 2017. In April of 2018, MML launched an internal investigation into White's involvement with the five real estate ventures and, ultimately, discharged White from the firm on June 7, 2018.

3. Following his departure from MML, White formed Meraki, LLC d/b/a White McGowan ("White McGowan") with the intention of registering the company as an investment adviser firm. White McGowan, CRD No. 297785, applied for registration with the Department as a state-registered investment adviser firm on June 28, 2018. White applied for registration as a registered investment adviser representative with White McGowan and was named as the owner and managing member on the firm's application.

4. The Staff's investigation during the pendency of White McGowan's registration application determined that the aforementioned five real estate business ventures should have been classified as private securities transactions and not outside business activities. These ventures were organized and promoted by White and included several of White's clients as investors. As such, the business ventures were improperly classified as simple rental property positions on White's Form U4 and were not treated by MML as private securities transactions in accordance with applicable guidelines established by the Financial Industry Regulatory Authority, Inc. ("FINRA").

5. Additionally, the Staff's legal analysis of White's five real estate ventures concluded that the subject ventures should make application for securities registrations or seek valid exemptions from securities registration in order to fully comply with the Act and applicable federal securities laws.

6. White cooperated fully with the Staff's investigation and review of this matter and has assured the Staff that he and White McGowan have implemented the proper internal controls and supervisory procedures necessary to ensure future compliance with the Act and Rules.

LEGAL AUTHORITY AND CONCLUSIONS OF LAW

7. Rule 308.01(x) of the Rules prohibits a registered broker-dealer agent from failing to comply with any applicable provision of conduct rules, any applicable fair practice or ethical standard, or any other applicable law or rule related to conducting business involving securities promulgated by the SEC or any self-regulatory organization. FINRA Rule 3280 prohibits a person associated with a member firm from engaging in private securities transactions without giving the firm prior written notification. Although the subject real estate business ventures were disclosed and classified as outside business activities, White violated Rule 308.01(x) of the Rules by engaging in private securities transactions without complying with the requirements of FINRA Rule 3280.

8. Ark. Code Ann. § 23-42-308(h) provides that matters may be resolved by consent order in lieu of a formal proceeding.

UNDERTAKINGS

In settlement of this matter, White agrees to pay a civil penalty to the Department in the total amount of \$5,000.00 upon the entry of this Order. White further agrees to undertake the efforts necessary to ensure that each of the five real estate business ventures described in this Order

is either registered as a security or found to be exempt from securities registration by the Staff. White will comply with any filing and notice requirements set out under the Act or federal securities laws with regard to any applicable securities registrations or exemptions. White agrees that the Staff's interpretation has ultimate authority in case of any conflict over whether any applicable exemption or registration provision applies to any of the real estate ventures in question. The Staff and White mutually agree that the civil penalty to be paid by White will include any fees normally sought by the Staff for a late Notice of Sale of Securities on SEC Form D filing pursuant to Section 18(b)(4)(F) of the Securities Act of 1933.

OPINION

This Order is in the public interest. The facts as set forth in paragraphs one through six support the violations of the Act as set forth in paragraphs seven through eight.

ORDER

IT IS THEREFORE ORDERED that White shall pay a civil penalty to the Department in the amount of \$5,000.00 upon the entry of this Order and that according to the terms of his undertaking White shall commence the necessary efforts to ensure that the subject real estate business ventures described in this Order are registered as securities or found to be exempt from registration by the Staff and all necessary related filing and notice requirements are met.

IT IS FURTHER ORDERED that the registrations of White and White McGowan be approved upon the execution of this Order.

WITNESS MY HAND AND SEAL this the 17th day of October, 2018.



B. Edmond Waters
Arkansas Securities Commissioner

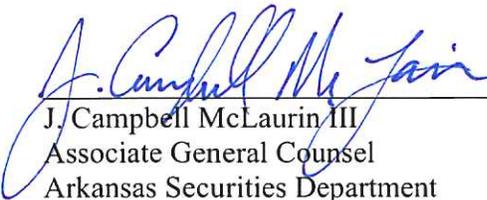
I hereby agree to the entry of this Consent Order; consent to all terms, conditions, and orders contained therein; and waive any right to appeal from this Order.



Matthew Leon White, Respondent

10/17/2018
Date

Approved as to Content and Form:



J. Campbell McLaurin III
Associate General Counsel
Arkansas Securities Department

10/17/2018
Date