

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF: LAKSHMI WEALTH MANAGEMENT LLC
AND HIMANSHU PATEL

)
)
) FILE NO. C1400579
)

CONSENT ORDER

TO THE RESPONDENT: LAKSHMI WEALTH MANAGEMENT LLC (CRD# 174249)
Attn: Himanshu Patel
1267 Hamilton Lane
Naperville, Illinois 60540

LAKSHMI WEALTH MANAGEMENT, LLC (CRD# 152064)
Attn: Himanshu Patel
1267 Hamilton Lane
Naperville, Illinois 60540

HIMANSHU PATEL (CRD# 5728877)
1267 Hamilton Lane
Naperville, Illinois 60540

MAY LAW, PC
Attn: Andrew S. May
118 N. Clinton, Suite 100
Chicago, Illinois 60651

WHEREAS, Respondents on the 11th day of October 2016 executed a certain Stipulation to Enter Consent Order (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondents have admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated March 2, 2016 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order "Consent Order").

WHEREAS, Respondents filed an Answer on or about April 13, 2016 in which they denied the substantive allegations of the Notice of Hearing.

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Amended

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Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

1. Respondent Lakshmi Wealth Management, LLC (CRD# 152064) ("Lakshmi") was an Illinois based Federal Covered Investment Adviser (FCIA) from January 6, 2010 until March 26, 2010; registered with the Secretary of State as an Investment Advisor in the State of Illinois from March 26, 2010 through March 28, 2011; and Illinois based Federal Covered Investment Adviser (FCIA) from March 28, 2011 until July 13, 2012. Respondent Lakshmi currently has a registration application pending with the State of Illinois.
2. Respondent Lakshmi engages in the business of providing investment advisory services to the general public. Its last known address is 1267 Hamilton Lane, Naperville, Illinois 60540.
3. Respondent Himanshu Patel ("Respondent Patel" or collectively with Respondent Lakshmi, "Respondents") was registered with the State of Illinois as an investment adviser representative with Respondent Lakshmi from January 6, 2010 to July 13, 2012. Respondent Patel currently has a registration application pending with the State of Illinois.
4. Respondent Patel is the Chief Executive Officer and Chief Compliance Officer of Respondent Lakshmi. His last known address is 1267 Hamilton Lane, Naperville, Illinois 60540.
5. During the period of July 13, 2012 through present, when no longer a FCIA, Respondents provided investment advisory services to residents of the State of Illinois when not in compliance with the filing requirements of Section 8 of the Act.
6. The activities described above, constitute the activities of an Investment Adviser and/or Investment Adviser Representative as defined in Sections 2.11 and 2.12b of the Act.
7. That Section 8.A of the Act, states inter alia, that except as provided otherwise, every investment adviser and investment adviser representative shall be registered as such with the Secretary of State.
8. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the provisions of the Act for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
9. The Respondent Lakshmi failed to complete with the Secretary of State applications for registration as required by the Act:

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- a) failed to file an application for registration as an Investment Adviser pursuant to Section 8.D, or to notice file pursuant to Section 8.C-5 of the Act.
10. That Section 130.839 of the Rules of the Act provides, inter alia, that:
 - a) Effective October 1, 2002, each new applicant filing as an investment adviser or federal covered investment adviser shall file with the NASD, utilizing the IARD, a complete Form U-4 for each investment adviser representative and pay the filing fee specified in Section 130.110 of this Part.
 - b) For purposes of the annual re-registration of investment adviser representatives, each investment adviser and federal covered investment adviser shall file with the NASD, utilizing the IARD, and pay the filing fee specified in Section 130.110 of this Part.
 11. Respondent Lakshmi failed to file a complete U-4 for each Investment Adviser Representative and to pay the filing fee as specified in Section 130.110.
 12. That between July 13, 2012 and the present, Respondents have collected approximately \$123,883.73 in management fees from clients of an unregistered Investment Adviser Representative or Investment Adviser.
 13. Section 12.A of the Act states in pertinent part that it shall be a violation of the Act for any person to offer or sell any security except in accordance with the provisions of the Act.
 14. Section 12.C of the Act states in pertinent part that it shall be a violation of the Act to act as a dealer, salesperson, investment adviser, or investment adviser representative, unless registered as such, where such registration is required, under the provisions of this Act.
 15. That by virtue of the foregoing, the Respondent has committed a violation of Section 12.A, 12.C and 12.D of the Act.
 16. According to its former website, Respondents 1) provides comprehensive financial advice and customized portfolio management; 2) creates portfolios tailored to clients; and 3) lists Respondent Patel as a registered investment advisor.
 17. The Department has searched its Records and the Department has found no record of Registration for Respondent as an investment adviser in the State of Illinois, in accordance with the registration requirements of the Act.

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18. Section 12.G of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to “obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.”
19. Respondents omitted to state that the firm was not registered as an investment adviser in the State of Illinois as they are required to be, to engage in the activities above. By virtue of the foregoing, Respondents violated Sections 12.G of the Act.
20. Respondents’ former website contains the following information about performance of client accounts which is misleading:
 - a) Respondents advertised on their former website that the net cumulative return for Respondent Lakshmi Wealth Management and the S&P 500 between January 1995 and January 2010 was 316.70% and 120.30%, respectively.
 - b) Respondents advertised on their former website that the net cumulative return for Respondent Lakshmi Wealth Management and the S&P 500 between January 2003 and January 2010 was 36.40% and -27.70%, respectively.
 - c) Respondents advertised on their former website that the net cumulative return for Respondent Lakshmi Wealth Management and the S&P 500 between January 2005 and January 2010 was 21.50% and -9.80%, respectively.
 - d) Respondents advertised on their former website that the net cumulative return for Respondent Lakshmi Wealth Management and the S&P 500 between January 2007 and January 2010 was 8.40% and -23.70%, respectively.
 - e) Respondents advertised on their former website that the net cumulative return for Respondent Lakshmi Wealth Management and the S&P 500 between January 2009 and January 2010 was 31.80% and 33.40%, respectively.
 - f) Respondents advertised on their former website that the long term performance of Respondent Lakshmi’s balanced portfolio for the period ending January 30, 2010, an investment of \$100,000 in 1995 returned \$416,700 versus S&P 500’s return of \$220,300.

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- g) Respondents advertised on their former website past performance of "LWM's balance portfolio" for the period ending January 30, 2010, an investment of \$100,000 in 1995 returned \$416,700 versus S&P 500's return of \$220,300.
 - h) Respondents advertised on their former website past performance of "LWM's balance portfolio" for a period ending January 30, 2012, an investment of \$100,000 in 1997 returned \$140,000 versus S&P 500's return of \$94,600.
- 21. On its former website, Respondents does not set forth or offer to furnish a list of all recommendations it made with the immediately preceding period of not less than one year as required.
 - 22. On its former website, Respondents does not furnish (i) the name of each security recommended; (ii) the date and nature of each recommendation (e.g., buy, sell or hold); (iii) the market price of the security at the time of the recommendation; (iv) the price at which the recommendation was to be acted on; and (v) the market price of each security as of the most recent practicable date.
 - 23. On its former website, Respondents does not furnish on its website a legend which states "It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities in this list."
 - 24. Section 12.J of the act provides that when acting as an investment adviser, by any means or instrumentality, directly or indirectly:
 - (1) To employ any device, scheme or artifice to defraud any client or prospective client;
 - (2) To engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client; or
 - (3) To engage in any act, practice, or course of business which if fraudulent, deceptive or manipulative. The Secretary of State shall for the purposes of this paragraph (3), by rules and regulations, define and prescribe means reasonably designed to prevent such acts, practices, and courses of business as are fraudulent, deceptive, or manipulative.
 - 25. Respondents' former website uses past specific performance that is intrinsically misleading. Respondents compare results to an LWM's balanced portfolio to the S&P 500 without disclosing all material factors relevant to the comparison and respondents fail to disclose that the results portrayed relate only to a select group of its clients, the basis on which the selection was made, and the effect of

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this practice on the results portrayed. By virtue of the foregoing, Respondents violated Sections 12.J of the Act.

26. That Section 11.E(3) of the Act provides, inter alia, that if the Secretary of State shall find that any person is acting or has acted as an investment adviser or investment adviser representative, without prior thereto and at the time thereof having complied with the registration or notice filing requirements of this Act, the Secretary of State may by written order prohibit or suspend the person from acting as an investment adviser or investment adviser representative, in this State.

WHEREAS, by means of the Stipulation, the Respondents acknowledged, without admitting or denying the truth thereof, that the Secretary of State has adopted the following additional Finding of Fact:

12. That Section 11.E(4) of the Act provides that in addition to any other sanction or remedy contained in this subsection E, the Secretary of State, after finding that any provision of this Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000, for each violation of this Act, may issue an order of public censure against the violator, and may charge as costs of investigation all reasonable expenses, including attorney's fees and witness fees.

WHEREAS, by means of the Stipulation, the Respondents have acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusions of Law:

- (1) The Respondents have committed a violation of Sections 12.A, 12.C, 12.D, 12.G and 12.J of the Act;
- (2) The Respondents are subject to the entry of an order prohibiting or suspending Respondents from acting as a federal covered investment Adviser, investment adviser or investment adviser representative in the State of Illinois, pursuant to Section 11.E(3) of the Act; and
- (3) The Respondents are subject to a FINE pursuant to Section 12.A, 12.C, 12.D, 12.G and 12.J and Section 11.E(4) of the Act.

WHEREAS, by means of the Stipulation, Respondents have acknowledged and agreed that they shall comply with all provisions of the Illinois Securities Law of 1953 (815 ILCS 5/1 et seq., as amended) and the Rules and Regulations of the Under the Illinois Securities Law of 1953.

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WHEREAS, by means of the Stipulation Respondents have acknowledged and agreed that they shall retain a compliance consultant or attorney, for a period of twelve (12) months from the entry of the Consent Order, to review Respondents website prior to publishing the same.

WHEREAS, by means of the Stipulation, Respondents have acknowledged and agreed that they shall retain an expert to calculate investment performance prior to his use of any past investment performance to promote his investment advisory business, for minimum period of twelve (12) months from the entry of the Consent Order.

WHEREAS, by means of the Stipulation, Respondents have acknowledged and agreed that they shall collectively pay the amount of Sixty Thousand Two Hundred Ninety One Dollars and Eighty-seven cents (\$60,291.87). Said amount is to be paid by certified or cashier's check, made payable to the Illinois Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation, Respondents have acknowledged and agreed that they shall collectively be levied costs incurred during the investigation of this matter in the amount of Five Thousand Dollars (\$5,000.00), to be paid by certified or cashier's check made payable to the Office of the Illinois Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation, Respondents have acknowledged and agreed that they have submitted with the Stipulation a certified or cashier's check in the amount of Sixty Five Thousand Two Hundred Ninety One Dollars and Eighty-seven cents (\$65,291.87). Said sum is allocated as follows: Sixty Thousand Two Hundred Ninety One Dollars and Eighty-seven cents (\$60,291.87); and Five Thousand Dollars (\$5,000.00) to cover the costs incurred during the investigation of this matter. Said check has been made payable to the Office of the Illinois Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation, Respondents have acknowledged and agreed that within 15 days of the entry of the aforesaid Consent Order, it will submit a certified or cashier's check in the amount of One Thousand Six Hundred Fifty Dollars (\$1,650.00). Said sum is allocated as follows: One Thousand Six Hundred Fifty Dollars (\$1,650.00) representing back registration fees for Respondent Lakshmi and one (1) Investment Adviser Representative. Said check shall be made payable to the Office of the Illinois Secretary of State, Securities Audit and Enforcement Fund, within 15 days of the entry of the aforesaid Consent Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.


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NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Respondents shall comply with all applicable provisions of the Illinois Securities Law of 1953 (815 ILCS 5/1 et seq., as amended) and the Rules and Regulations of the Under the Illinois Securities Law of 1953.
2. Respondents shall retain a compliance consultant, for a period of twelve (12) months from the entry of the Consent Order, to review Respondents website prior to publishing the same,
3. Respondents shall retain an expert to calculate investment performance prior to his use of any past investment performance to promote his investment advisory business for a minimum period of twelve (12) months from the entry of the Consent Order.
4. The Respondents are ordered to collectively pay the amount of Sixty Thousand Two Hundred Ninety One Dollars and Eighty-seven cents (\$60,291.87), payable to Office of the Illinois Secretary of State, Securities Audit and Enforcement Fund, and on October 13, 2016 have submitted the amount of Sixty Thousand Two Hundred Ninety One Dollars and Eighty-seven cents (\$60,291.87) in payment thereof.
5. The Respondents are levied costs of investigation in this matter in the amount of Five Thousand Dollars (\$5,000.00), payable to the Office of the Illinois Secretary of State, Securities Audit and Enforcement Fund, and on October 13, 2016 have submitted Five Thousand Dollars (\$5,000.00) in payment thereof.
6. The Respondents are LEVIED back registration fees in the amount of One Thousand Six Hundred Fifty Dollars (\$1,650.00) for Respondent Lakshmi and one (1) Investment Adviser Representative, payable to the Office of the Illinois Secretary of State, Securities Audit and Enforcement Fund, and on October 13, 2016 have submitted One Thousand Six Hundred Fifty Dollars (\$1,650.00) in payment thereof.
7. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED This 17th day of October 2016.


JESSE WHITE
Secretary of State
State of Illinois