

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF  
LOCKE FINANCIAL SERVICES, INC.

FILE NO. C1700489

CONSENT ORDER

TO THE RESPONDENT:

DENZIL ALAN LOCKE, President  
(CRD#: 1660024)  
Locke Financial Services, Inc.  
662 N. First Bank Drive  
Palatine, IL 60067

WHEREAS, Respondent on the 7<sup>th</sup> day of December, 2018, executed a certain Stipulation to Enter Consent Order of Fine (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State, service of the Notice of Hearing in this matter, and consented to the entry of this Consent Order.

WHEREAS, the Secretary of State, by and through his designated representative, the Securities Director, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceeding.

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

1. That the Respondent has been registered with the Secretary of State in the State of Illinois pursuant to Section 8 of the Act, since January 1, 2000. The Respondent engages in the business of providing investment advisor representative and sales person services to the general public.
2. The Respondent managed two accounts owned by the MKLs: Growth Model Account with a balance of \$515,505.50 and Balanced Growth Model Account with a balance of \$299,440.09.

Consent Order

2

3. The March 29, 2014 Advisory Update required a change in fees from the standard rate of 1.4% to 1%, for both accounts.
4. That the Respondent during the period of March 29, 2014 through at least March 6, 2017 charged the standard 1.4% fee rate for both accounts.
5. In the March 6, 2017 letter, Respondent acknowledged an overcharge of \$4621.51 in account #913976250, and \$2411.86 in account #913215360 and that Respondent will not charge fees until the difference is worked off.
6. In his October 16, 2018, response to the Illinois Secretary of State Statement of Evidence, Mr. Locke stated: "I sent a letter dated March 6, 2017... to my clients notifying them of the overcharge and of the fact that I would not charge them any additional advisory fees until the difference between the former fee of 1.4% and the new fee of 1% was corrected, effectively reimbursing them for the overcharge (calculated at \$7,033.37).
7. Section 130.852 (a) of the Rules and Regulations (14 Ill. Admin Code 130) (the "Rules") provides, *inter alia*, that no registered investment adviser or its representatives shall charge or receive compensation in connection with the giving of investment advise unless the compensation is fair and reasonable and is determined on an equitable basis adequately disclosed to each client in writing.
8. Section 8.E.l(b,) of the Act provides, *inter alia*, that subject to the provisions of subsection F of Section 11 of the Act, the registration of an investment adviser or investment adviser representative may be suspended or revoked if the Secretary of State finds that the investment adviser or investment advisor representative has engaged in any unethical practice in the offer or sale of securities or in any fraudulent business practice.
9. Section 8.E.l(m) of the Act provides, *inter alia*, that subject to the provisions of subsection F of Section 11 of the Act, the registration of an investment adviser or investment adviser representative may be suspended or revoked if the Secretary of State finds that the investment adviser or investment advisor representative has conducted a continuing course of dealing of such nature as to demonstrate an inability to properly conduct the business of the dealer, limited Canadian dealer, salesperson, investment adviser or investment adviser representative.
10. Section 8.E.l(q) of the Act provides, *inter alia*, that subject to the provisions of subsection F of Section 11 of the Act, the registration of an investment adviser or investment adviser representative may be suspended or revoked if the Secretary of State finds that the investment adviser or investment adviser representative has failed to maintain the books and records required under this Act or regulations under this Act or under any requirements established by the Securities and Exchange Commission or self-regulatory organization.

Consent Order

3

11. That Section 11.E (3) of the Act provides, *inter alia*, that the Secretary of State shall find that any person is acting or has acted as a federal covered investment adviser, 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 suspend the person from acting as a federal covered investment adviser in this State.
12. That by virtue of the foregoing, the Respondent has committed a violation of Section 130.852(a) of the Rules, and Sections 8.E(1)(b), 8.E(1)(m), 8.E.1(q) and 11.E (3) of the Act.

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the Secretary of State has adopted the following additional Finding of Fact: 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 Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusions of Law:

- 1) The Respondent has committed a violation of Section 130.852(a) of the Rules and Sections 8.E(1)(b), 8.E(1)(m), 8.E.1(q) and 11.E (3) of the Act;
- 2) The Respondent is subject to the entry of an order suspending it from acting as a federal covered investment Adviser in the State of Illinois; and
- 3) That by virtue of the foregoing, the Respondent is subject to a fine pursuant to Section 11.E(4) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall make a payment of One Thousand dollars (\$1,000.00), to be paid by certified or cashier's check, made payable to the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he has submitted with the Stipulation a certified or cashier's check in the amount of One Thousand dollars (\$1,000.00). Said sum is allocated as follows: One Thousand dollars (\$1,000.00) as fine/administrative fees for violations of the Act. Said check has been made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

Consent Order

4

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

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDER THAT:

1. Respondent is fined(administrative fee) in the amount of One Thousand dollars (\$1,000.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on December 7, 2018 has submitted One Thousand dollars (\$1,000.00) in payment thereof.
2. The formal hearing scheduled on this matter is hereby waived without further proceedings.

ENTERED: This 4<sup>th</sup> day of January 2019.



JESSE WHITE  
Secretary of State  
State of Illinois

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