

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

IN THE MATTER OF:

**Blackbay Capital Advisors, LLC (CRD No. 116888)
and Todd W. Butterfield (CRD No. 2017675)**

)
)
) **File No. 1800508**
) Hearing Officer:
) James L. Kopecky
) jkopecky@ksrpc.com
)

CONSENT ORDER

TO THE RESPONDENTS: Todd W. Butterfield (CRD No. 2017675)
Blackbay Capital Advisors, LLC (CRD No. 116888)
316 East 1150th St.
Payson, IL 62360

Todd W. Butterfield (CRD No. 2017675)
Blackbay Capital Advisors, LLC (CRD No. 116888)
RR 1
Payson, IL 62360

WHEREAS, Respondents Todd Wendell Butterfield (CRD No. 2017675) (“Butterfield”) and Blackbay Capital Advisors, LLC (CRD No. 116888) (“Blackbay Capital Advisors”) (collectively “Respondents” and individually “Respondent”) on the 23rd day of October 2020, executed a certain Stipulation to Enter Consent Order (“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 Notice of Hearing of the Secretary of State, Securities Department, dated July 14, 2020, (the “Notice”) in this matter and Respondents have consented to the entry of this Consent Order (“Consent Order”).

WHEREAS, by means of the Stipulation, Respondents have acknowledged that the following allegations shall be adopted as the Secretary of State’s Findings of Fact and Conclusions of Law and has admitted to the truth thereof:

1. Respondent Butterfield is an Illinois registered investment adviser representative with addresses at 316 East 1150th St., Payson, IL 62360 and RR1, Payson, IL 62360.
2. Respondent Blackbay Capital Advisor is an Illinois registered investment adviser with the principle office and place of business address at 316 East 1150th St., Payson, IL 62360.

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3. Respondent Butterfield has been associated and registered with Respondent Blackbay Capital since 1998.
4. At all relevant times herein, Respondent Butterfield was the owner of Respondent Blackbay Capital and its Chief Compliance Officer.
5. From in or around July 2007 until on or about March 25, 2019, Respondents failed to disclose federal and state tax liens on the Central Registration Depository ("CRD").
6. Section 12.E of the Act provides, in part, that it shall be a violation for any person to make, or cause to be made, any application, report or document filed under the Act or any rule or regulation made by the Secretary of State pursuant to the Act, any statement which was false or misleading with respect to any material fact.
7. Section 12.H of the Act provides, in part, that it shall be a violation for any person to sign or circulate any statement or other paper or document required by the provisions of the Act knowing or having reasonable grounds to know any material representation therein contained to be false or untrue.
8. Section 12.J of the Act provides, in part, that it shall be a violation for any person acting as investment adviser or investment adviser representative, by any means or instrumentality to (1) employ any device, scheme or artifice to defraud any client or prospective client; (2) engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client; or (3) engage in any act, practice, or course of business which is fraudulent, deceptive or manipulative.
9. By virtue of the foregoing, Respondents violated Sections 12.E, 12.H and 12. J of the Act.

WHEREAS, by means of the Stipulation Respondents have acknowledged and agreed that:

10. Respondents shall retain SCB Compliance, LLC d/b/a The Consortium ("SCB");
11. SCB shall provide the services outlined on the attached Exhibit A;
12. SCB shall produce an Annual Report ("Report") to Respondents; and
13. For a period of five (5) years the Respondents shall provide the Illinois Securities Department ("Department") with a copy of the Report within ten (10) days of receipt of the Report; however, after two (2) consecutive years of reporting, Respondents may request the Department waive the remaining years. Respondents must continue to report until the Department issues a written notice granting the request. The first Report is due one (1) year from date this Consent Order is signed. The Reports will be mailed or delivered to the Illinois Securities Department, 69 W. Washington, Suite 1220 and will reference File Number 1800508.

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NOW THEREFORE IT IS HEREBY ORDERED THAT:

14. The allegations contained in the Stipulation shall be and are hereby adopted as the Secretary of State's Findings of Fact and Conclusions of Law.
15. Respondents shall retain SCB Compliance, LLC d/b/a The Consortium ("SCB");
16. SCB shall provide the services outlined on the attached Exhibit A;
17. SCB shall produce an Annual Report ("Report") to Respondents;
18. For a period of five (5) years the Respondents shall provide the Illinois Securities Department ("Department") with a copy of the Report within ten (10) days of receipt of the Report; however, after two (2) consecutive years of reporting, Respondents may request the Department waive the remaining years. Respondents must continue to report until the Department issues a written notice granting the request. The first Report is due one (1) year from date this Consent Order is signed. The Reports will be mailed or delivered to the Illinois Securities Department, 69 W. Washington, Suite 1220 and will reference File Number 1800508;
19. Within thirty (30) days from the date of this Consent Order, Respondents will make a monetary payment in the amount of \$1,500 (one thousand, five hundred dollars) to the Illinois Secretary of State for deposit in the Securities Audit and Enforcement Fund. The check will be mailed or delivered to the Illinois Securities Department, 69 W. Washington, Suite 1220 and will reference File Number 1800508;
20. The Illinois Securities Department will retain jurisdiction over this proceeding for the purpose of enforcing the terms and provisions of the Stipulation; and
21. This Consent Order will be binding upon Respondents, their affiliates, successors, and assigns with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events and conditions.

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953, as amended, 815 ILCS 5/1 *et seq.* Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.

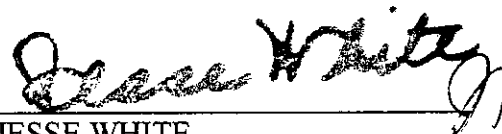
This is a Final Order subject to judicial review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 *et seq.* and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. I, Sec. 130.1123. Any action for judicial review must be commenced within thirty-five (35) days from

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the date a copy of this Order is served upon the party seeking review. Mailing of this Order to the Respondent or representative of record constitutes service of the Order.

ENTERED: This 16th day of November 2020.



JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:

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Illinois Securities Department
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EXHIBIT A

Registration Status
Form ADV
Advisory Contracts
Advisory fee arrangements
AML procedures
Best Execution
Books & records/filing system
Disaster recovery/Business Continuity program
Insider trading policy and Code of Ethics
Advertising/Marketing materials
Performance materials
Soft Dollars
Trading practices
Custody Issues
ERISA matters
Privacy Rules/Policy
Conflicts of Interest
Risk Management
Valuation
Cybersecurity
Supervision
BBCA Personnel
Previous Exam History
Material Relationships/Outside Business Activities
Compliance Manual/Supervisory Procedures
Email Review
Client Agreements
Customer Complaints