

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18328**

**Formerly Registered Investment Adviser Settles SEC Charges Related to Filing False Forms ADV and Other Investment Advisers Act Violations**

**January 3, 2018** – The Securities and Exchange Commission today announced that formerly registered investment adviser, LKL Investment Counsel LLC (“LKL”), and its sole principal, Mark H. Love (“Love”) of Phoenix, Arizona, have agreed to settle Investment Advisers Act charges alleging misrepresentations in Forms ADV filed with the Commission, failure to produce documents to Commission examination staff, and various compliance-related deficiencies.

According to the SEC’s order, in 2009, Love began recommending that certain LKL advisory clients invest in private funds in which he held managerial interests and from which he stood to receive fees and a share of investment profits. LKL’s advisory clients who invested in the private funds knew of Love’s involvement with the funds, but from 2010 to 2015, LKL’s Forms ADV falsely stated that Love had no outside financial industry activities or affiliations and no interests in client transactions. During an early 2016 SEC examination of LKL, Love made these same misrepresentations to Commission examination staff and failed to produce requested documents regarding certain of his private funds.

The SEC’s order also finds that in its March 2016 Forms ADV annual updating amendment, LKL corrected its previously inflated assets under management figure, reducing it by nearly \$30 million, and expressly acknowledged that this was a material change. This required LKL to deliver its revised Form ADV Part 2A brochure, or a summary of material changes, to its clients. LKL failed to do this. These violations were accompanied by compliance breakdowns—LKL did not conduct requisite annual reviews and failed to implement its policies requiring accurate disclosure in its Forms ADV. Moreover, LKL failed to adopt policies related to advisory fees and made errors in charging and refunding advisory fees. LKL withdrew its registration with the Commission as an investment adviser in July 2017.

Without admitting or denying the findings, LKL and Love each consented to the entry of the SEC’s order, which finds that LKL and Love both willfully violated Section 207 of the Investment Advisers Act of 1940 (“Advisers Act”). The SEC’s order further finds that LKL willfully violated Sections 204(a) and 206(4) of the Advisers Act and Rules 204-3 and 206(4)-7 thereunder, and that Love willfully aided and abetted and caused LKL’s violations of those provisions. LKL and Love consented to the entry of cease-and-desist orders and censures, and they agreed to civil penalties in the amounts of \$100,000 for LKL and \$50,000 for Love, as well as certain undertakings. Love also agreed to limitations and prohibitions that prevent him from acting in a compliance capacity.

The SEC’s investigation was conducted by Christopher A. Nowlin and supervised by Victoria A. Levin. The SEC examination that led to the investigation was conducted by Ryan Hinson and Yasin Shah.

**See also:**     [Order](#)