

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 16, 2020
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IN THE MATTER OF

REYE PARTNERS ASSET
MANAGEMENT, LLC,
Defendant

CASE NO. SEC-2018-00044

SETTLEMENT ORDER

The Division of Securities and Retail Franchising ("Division") for the State Corporation Commission of Virginia ("Commission") conducted an investigation of Reye Partners Asset Management, LLC, CRD No. 135338 ("Reye Partners," "Firm," or "Defendant"), pursuant to § 13.1-518 of the Virginia Securities Act (the "Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Reye Partners is a limited liability company formed in Delaware. The Firm's principal office is located at 800 Olde Georgetown Court, Great Falls, Virginia 22066. The Firm has been registered as an investment advisor in Virginia since October 2007. The Firm's principal and sole investment advisor representative is David Pickei.

The Division alleges that in connection with promissory notes ("Notes") issued by the Firm to three of the Firm's investment advisory clients - Mark Halbeisen ("Halbeisen"), Dana Liedel ("Liedel"), and Charles and Louise Coppi ("Coppis") - Reye Partners unknowingly obtained custody of certain of those clients' funds.

Specifically, the Division alleges that from November 2013 until December 2013, Reye Partners had custody of client funds in an account under Halbeisen's name at the Millennium Trust Company ("MTC"). From December 2013 until January 2014, the Firm had custody of

client funds in an MTC account under Liedel's name. From May 2014 until November 2014, the Firm had custody of client funds in an MTC account under the Coppis' names.

In all three cases, client funds in those clients' MTC accounts were eventually to be transferred to a Reye Partners account in consideration for the issued Notes. The Division alleges that, prior to such transfer, the MTC accounts had no restrictions on the authority of the Firm with respect to client funds in these accounts.

The Division alleges that, despite the Firm's custody of client funds in those clients' MTC accounts, Reye Partners did not promptly notify the Commission of such custody as required under 21 VAC 5-80-146 of the Rules for Investment Advisors, 21 VAC 5-80-10 *et seq.* ("Rule(s)"), and thus violated Rule 21 VAC 5-80-200 (A) (15). Given that the Firm's failure to comply with this regulatory disclosure obligation as alleged by the Division was confined to only three investment advisory clients for a limited period, the Division does not believe that these violations were done knowingly or willfully.

If provisions of the Act and its associated Rules are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary and permanent injunctions; by § 13.1-521 (A) of the Act to impose civil penalties; by § 13.1-518 (A) of the Act to impose costs of the investigation; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein but admits to the Commission's jurisdiction over the Firm in such matters and to the Commission's authority to enter this Order.

In order to settle the matter arising from these allegations, the Defendant has made an offer of settlement to the Commission, wherein:

(1) The Defendant has tendered the sum of Six Thousand Dollars (\$6,000) in monetary penalties to the Treasurer of Virginia; and

(2) The Defendant agrees that neither Reye Partners, its principal David Pickei, nor any other individual or entity acting on behalf of the Firm will engage in activities that violate the Act.

The Division has recommended that, pursuant to § 12.1-15 of the Code, the Commission accept the offer of settlement of the Defendant.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Reye Partners Asset Management, LLC, 800 Olde Georgetown Court, Great Falls, Virginia 22066; James W. Van Horn, Jr., Esq., Hirschler Fleischer, P.C., 2100 East Cary Street, Richmond, Virginia 23223; and a copy shall be delivered to the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND,

IN THE MATTER OF

REYE PARTNERS ASSET
MANAGEMENT, LLC,
Defendant

CASE NO. SEC-2018-00044

ADMISSION AND CONSENT

Reye Partners Asset Management, LLC, CRD No. 135338 ("Reye Partners"), admits to the jurisdiction of the State Corporation Commission of Virginia (the "Commission") as to the party and subject matter hereof. Reye Partners, while neither admitting nor denying the allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance, and entry of the foregoing Settlement Order ("Order").

Reye Partners further states that no offer, tender, threat, or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent, or representative thereof in consideration for the foregoing Order.

Date: 12/27/2019

David Pickel

By: D.P.

Title: Managing Member

Seen and Approved By:

[Signature] 12/31/2019

James W. Van Horn, Jr., Esq.,
Hirschler Fleischer, P.C.,
Counsel for Reye Partners Asset Management, LLC