



STATE OF TENNESSEE
BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE

TENNESSEE SECURITIES DIVISION,)
)
Petitioner,)
)
v.)
) TSD No.: 21-073
WILLIAM ERIC KAEHR and)
WARHORSE WEALTH ADVISORS, LLC,)
)
Respondents.)

ORDER OF SUMMARY SUSPENSION

This Order issues as the result of a Petition for Order of Summary Suspension requested by the Securities Division of the Tennessee Department of Commerce and Insurance (“Division”) against William Eric Kaehr (“Respondent Kaehr”) and Warhorse Wealth Advisors, LLC (“Respondent Warhorse” together “Respondents”). This Order is predicated upon the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. The Commissioner of the Tennessee Department of Commerce and Insurance (“Commissioner”) is responsible for the administration of the Act. The Division, pursuant to Tenn. Code Ann. § 48-1-115, is the lawful agent through which the Commissioner discharges this responsibility.

2. Tenn. Code Ann. § 48-1-116 establishes that the Commissioner may execute Orders as are necessary to carry out the Act when the Commissioner finds that the action is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly

intended by the policy and provisions of the Act. Tenn. Code Ann. § 4-5-320(d)(2) establishes that the Commissioner may execute an emergency summary order for the public health, safety, or welfare.

3. Respondent Kaehr is registered with the Division as an investment adviser representative and has been assigned Central Registration Depository (“CRD”) number 5348390 by the Financial Industry Regulatory Authority (“FINRA”).

4. Respondent Warhorse has been registered with the Division as an investment adviser firm since August 19, 2019 and has been assigned CRD number 305392 by FINRA.

5. On or about June 16, 2020, the Division sent notice by letter of an examination of the books and records of Respondent Warhorse to Respondent Kaehr under the authority of Tenn. Code Ann. § 48-1-111. The letter required the information to be submitted within fourteen (14) calendar days of the Respondents’ receipt of the letter.

6. Although the Respondents provided some records, on July 27, 2020, the Division sent a follow-up letter to the Respondents and requested further documentation within fourteen (14) calendar days of the Respondents’ receipt.

7. On October 22, 2020, the Respondents submitted incomplete financial information to the Division.

8. On November 2, 2020, Respondent Kaehr provided a statement that he did not previously understand the monthly maintenance requirement of the net capital computation information, but he would maintain the computation information going forward.

9. On November 4, 2020, the Division again sent a follow-up letter to the Respondents and requested further documentation within fourteen (14) calendar days of the Respondents’ receipt.

10. On December 16, 2020, the Division sent a follow-up letter to the Respondents that noted some of the issues as resolved and others that required additional information. The unresolved issues included monthly net capital computation information and an unexplained gap in cash flow and payment information from September 25, 2019, through July 21, 2020.

11. During a July 9, 2021, phone call with Securities Examiner Hannah Craze (“Examiner Craze”), Respondent Kaehr again stated that he did not maintain the minimum net capital requirement of fifteen thousand dollars (\$15,000) prior to November 2020 but had maintained it since. Respondent Kaehr stated the computations from November 2020 through June 2021 would be provided by July 16, 2021.

12. During the July 9, 2021, phone call, the Division also explained that there was a gap in the Respondents’ general ledger from September 25, 2019, through July 21, 2020. Respondent Kaehr stated that he was working with a smaller bank that merged with another bank and that all previous banking information was no longer available to him because the account was closed. On July 29, 2021, Respondent Kaehr emailed the Division and stated that he requested the bank documents from Fifth Third Bank and was told the bank could not access the records. He stated that he would continue his efforts.

13. Examiner Craze made follow-up requests on July 26, 2021, and August 6, 2021, and gave the Respondents a deadline of August 13, 2021, to produce the net capital computation information.

14. On August 10, 2021, the Respondents responded that the firm was moving to a new accounting firm on August 12, 2021. Respondent Kaehr stated he would produce the information by August 20, 2021. The Respondents again failed to produce the information.

15. On September 2, 2021, Examiner Craze again followed up with the Respondents and received no response.

16. Examiner Craze arranged for a phone call with the Respondents and the Director of Registration, April Odom, to take place on September 9, 2021. During the call, Respondent Kaehr stated that he had “rough” net capital computations and would provide them by September 13, 2021, along with all bank statements, a letter from the bank, and other documentation as evidence of Respondent Warhorse’s net capital.

17. The Respondents provided the net capital computations from December 2020 through August 2021 but did not provide the supporting documentation or the letter from the bank.

18. The purpose of the net capital requirement is to ensure the Division that the investment adviser can meet the financial obligations of its customers. The uncooperativeness of the Respondent is concerning to the Division as the picture of the Respondents’ financial state is unclear and the ability of the Respondents to meet their financial obligations is unknown. Moreover, the Respondents’ conduct reflects avoidance of the Division’s regulatory oversight of the Respondents’ operations.

CONCLUSIONS OF LAW

18. Tenn. Code Ann. § 48-1-111 states, in pertinent part:

- (a) Every registered broker-dealer and investment adviser shall make and keep such accounts, correspondence, memoranda, papers, books, and other records as the commissioner by rule prescribes. All records so required shall be preserved for three (3) years unless the commissioner by rule prescribes otherwise for particular types of records.
- (b) Every registered broker-dealer and investment adviser shall file such financial reports and other documents as the commissioner by rule prescribes.

...

(d)

- (1) All the records referred to in subsection (a) are subject at any time and from time to time to such reasonable periodic, special, or other examinations . . . by representatives of the commissioner, as the commissioner deems necessary or appropriate in the public interest or for the protection of investors.

...

19. Tenn. Code Ann. § 48-1-112(a)(2)(B) and (G) provide that the Commissioner may by order deny, suspend, or revoke any registration if the Commissioner finds that the order is in the public interest and necessary for the protection of investors and if the investment adviser “[h]as willfully violated or willfully failed to comply with any provision of this part or a predecessor chapter or any rule or order under this part or a predecessor chapter . . .” or “[h]as engaged in dishonest or unethical practices in the securities business[.]”

20. Tenn. Comp. R. & Regs. 0780-04-03-.02(6) provides, in part:

...

- (c) The following are deemed “dishonest or unethical business practices” by an investment adviser or an investment adviser representative under T.C.A. § 48-1-112(a)(2)(G), to the extent permitted under Section 203A of the Investment Advisers Act, without limiting those terms to the practices specified herein:

...

26. Failing to provide information requested by the Division pursuant to the Act or these Rules.

21. Tenn. Code Ann. § 48-1-110(d) provides that the Commissioner “may by rule require a minimum net capital for . . . investment advisers.”

22. Tenn. Comp. R. & Regs. 0780-04-03-.01(6)(a) provides that registered investment advisers shall have and maintain a minimum net capital of fifteen thousand dollars (\$15,000).

23. The Division is authorized to bring this action based on a finding by the Commissioner that the action is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act. Tenn. Code Ann. § 48-1-116(b). In addition, the Commissioner may forgo prior notice of this Order of Summary Suspension upon a finding that prior notice is not in the public interest and would be detrimental to the protection of investors. Tenn. Code Ann. § 48-1-116(e)(2)(A).

A. The Respondents failed to maintain and provide for the inspection of business documents.

24. The Commissioner concludes that the Respondents failed to maintain adequate records of their securities business activities and failed to allow for the periodic review of such records by the agents of the Commissioner as required by Tenn. Code Ann. § 48-1-111(a), (b), and (d).

25. The failure of the Respondents to comply with the aforementioned provisions of the Act is a sufficient ground for the issuance of an Order of Summary Suspension.

B. The Respondents failed to meet and maintain the minimum net capital requirement.

26. The Commissioner concludes that the Respondents failed to meet and maintain the minimum net capital requirement as required by Tenn. Comp. R. & Regs. 0780-04-03-.01(6)(a).

27. The failure of the Respondents to comply with the aforementioned provisions of the Act is a sufficient ground for the issuance of an Order of Summary Suspension.

C. The Respondents engaged in dishonest and unethical business practices in the securities industry.

28. The Commissioner concludes that the available information is sufficient to establish that the Respondents knowingly engaged in dishonest and unethical business practices in the securities industry within the meaning of the Rules of the Division and the Act under Tenn. Code Ann. § 48-1-112(a)(2)(B) and (G) by failing to provide information requested by the Division as provided by Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)(26.).

29. The Commissioner concludes that the conduct of the Respondents in knowingly engaging in dishonest and unethical business practices in the securities industry is sufficient to order the immediate suspension of the securities registration of the Respondents.

D. The unlawful conduct of the Respondents warrants an Order of Summary Suspension.

30. The Commissioner, having considered the totality of the available evidence, concludes that the summary suspension of the registrations of the Respondents is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act. Furthermore, the Commissioner has determined that prior notice of this Order of Summary Suspension is not in the public interest and would be detrimental to the protection of investors. The ongoing unlawful conduct of the Respondents necessitates an Order of Summary Suspension requiring them to cease and desist from all securities-related activity to prevent the Respondents from exposing the public to irreparable harm.

ORDER

NOW, THEREFORE, in consideration of the foregoing, it is **ORDERED** that:

1. The Respondents and their successors or assigns **SHALL COMPLY** with the Act and all rules promulgated thereunder.

2. Based on the Findings of Fact and Conclusions of Law set out herein, the public health, safety, or welfare imperatively requires emergency action. Further, prior notice of this Order would not be in the public interest and would be detrimental to the protection of investors.

3. Respondent Kaehr's registration with the Division as an investment adviser representative, CRD number 5348390, is hereby **SUMMARILY SUSPENDED** until final determination of whether Respondent Kaehr's registration should be revoked pursuant to Tenn. Code Ann. § 48-1-112(a).

4. Respondent Warhorse's registration with the Division as an investment adviser, CRD number 305392, is **SUMMARILY SUSPENDED** until the final determination of whether their registrations should be revoked, pursuant to Tenn. Code Ann. § 48-1-112(a).

5. This Order of Summary Suspension is not intended to prohibit any lawful conduct in which the Respondents might be engaged.

6. Entry of this Order of Summary Suspension shall not in any way restrict the Division or the Commissioner from taking further action against the Respondents with respect to these or other possible violations of the Act, or possible violations of any of the Rules promulgated thereunder.

7. Pursuant to Tenn. Code Ann. § 4-5-320(d)(1)(B), the Respondents are advised that they have the right to an informal hearing before the agency within seven (7) business days of the issuance of this Order of Summary Suspension. The sole issue to be considered is whether

the public health, safety, or welfare imperatively required emergency action by the agency. If you wish to exercise your right to this informal hearing, please notify:

**ELIZABETH H. BOWLING
ASSISTANT COMMISSIONER FOR SECURITIES
STATE OF TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE
500 JAMES ROBERTSON PARKWAY
DAVY CROCKETT TOWER, 10TH FLOOR
NASHVILLE, TENNESSEE 37243**


8. Such request for an informal hearing must be in writing and received within seven (7) business days from the date of entry of this Order of Summary Suspension.

9. In addition, the Respondents are advised that they have the right to a contested case hearing under the contested case provisions of the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301 to 4-5-325 as to all matters raised in this Order of Summary Suspension. If you wish to exercise your right to such a contested case hearing, please notify:

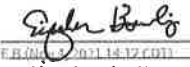
**ELIZABETH H. BOWLING
ASSISTANT COMMISSIONER FOR SECURITIES
STATE OF TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE
500 JAMES ROBERTSON PARKWAY
DAVY CROCKETT TOWER, 10TH FLOOR
NASHVILLE, TENNESSEE 37243**

10. Such request for a contested case hearing must be in writing and received within thirty (30) days from the date of entry of this Order of Summary Suspension. This Order of Summary Suspension shall become a Final Order thirty (30) days from the date of its entry unless a written request for a contested case hearing is received within this thirty (30) day period.

ENTERED November 5, 2021.


Carter Lawrence (Nov 5, 2021 07:58 PDT)
Carter Lawrence, Commissioner

APPROVED FOR ENTRY:


FB/DC 071 14-17 C011

Elizabeth H. Bowling
Assistant Commissioner for Securities
Tennessee Department of Commerce and Insurance

ISSUANCE REQUESTED BY:




William H. Leslie (BPR# 036098)
Associate General Counsel for Securities
500 James Robertson Parkway
Davy Crockett Tower
Nashville, Tennessee 37243
(615) 532-9912
William.Leslie@tn.gov

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the attached Order of Summary Suspension will be served upon the Respondents via U.S. Certified Mail, Return Receipt Requested, and e-mail to the below enclosed addresses on November 5, 2021.

Return Receipt No.: 7020 1810 0001 2381 0783

William Eric Kaehr
Warhorse Wealth Advisors, LLC
231 Public Square, Suite 300
Franklin, TN 37064
ekaehr@warhorsewealth.com



Digitally signed by Billy Leslie
DN: cn=Billy Leslie, o=Tennessee Department
of Commerce and Insurance, ou=Securities
Division, email=william.leslie@tn.gov, c=US
Date: 2021.11.05 13:29:32 -05'00'

William H. Leslie