

FILED

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

2015 OCT 20 AM 11:04

PA DEPARTMENT OF  
BANKING AND SECURITIES

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COMMONWEALTH OF PENNSYLVANIA	:	
DEPARTMENT OF BANKING AND	:	
SECURITIES, BUREAU OF SECURITIES	:	
LICENSING, COMPLIANCE AND	:	Docket No. : 15 <u>CC 32</u> (SEC-OSC)
EXAMINATIONS	:	
	:	
	:	
v.	:	
	:	
GANT PRIVATE FINANCIAL	:	
MANAGEMENT	:	
EDWIN B. GANT	:	

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**NOTICE TO ANSWER AND REQUEST A HEARING**

You, Gant Private Financial Management and Edwin B. Gant, have the right to challenge the attached Order to Show Cause ("Order") by filing an Answer, in writing, with the Docket Clerk **within 30 days** of the date of this Order as required by 1 Pa. Code § 35.37. **If you do not file an Answer within 30 days, then you will waive your right to a hearing and the Banking and Securities Commission ("Commission") may enter a final order against you.**

Your Answer must be in writing. Your Answer must specifically admit or deny the allegations in the Order, set forth the facts you rely upon and state concisely the law you rely upon. General denials of the allegations set forth in the Order are not sufficient; you must support your denials with specific facts. Failure to support your denials with specific facts may cause the Commission to deem the facts in the Order as admitted and to enter a final order against you, without a hearing.

The Answer and any other documents must be filed with the Docket Clerk:

Linnea Freeberg, Docket Clerk  
Department of Banking and Securities  
17 N. Second Street, Suite 1300  
Harrisburg, PA 17101

Further, you must serve a copy of the Answer and any other documents on the person who signed the Order by providing a copy to his or her counsel indicated below:

Stefanie Zikos Hamilton  
Assistant Counsel  
Department of Banking and Securities  
17 N. Second Street, Suite 1300  
Harrisburg, PA 17101

Once you file your Answer, you will be notified of pertinent information such as the name of the presiding officer designated by the Commission to hear this matter and, if a hearing is scheduled, the date, time and location of the hearing. You have the right to be represented by an attorney.

All procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa. C.S. §§ 501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.1.-35.251.

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ORDER TO SHOW CAUSE

You, Gant Private Financial Management and Edwin B. Gant, are notified that the Department of Banking and Securities ("Department") through the Bureau of Securities Licensing, Compliance and Examinations ("Bureau") hereby **ORDERS YOU TO SHOW CAUSE** why the Banking and Securities Commission ("Commission") should not impose the sanctions and remedies described below. Specifically, this proceeding is instituted pursuant to

1 Pa. Code § 35.14 to determine:

- (1) whether the allegations set forth below are true; and
- (2) if these allegations are true, whether there has been a violation of the Pennsylvania Securities Act of 1972 ("1972 Act") or of the regulations promulgated thereunder; and
- (3) if so, whether the sanctions and remedies proposed by the Bureau should be imposed by the Commission.

The Bureau alleges the following facts and violations of law for the purpose of tentatively framing the issues for consideration by the Commission. The Commission may consider this

matter directly, or may designate a hearing officer to issue a recommended decision prior to the Commission issuing a final order.

**STATEMENT OF THE PARTICULARS AND MATTERS CONCERNING  
WHICH THE BUREAU IS INQUIRING PARTIES**

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the 1972 Act.

2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.

3. The Bureau operates from the Department's main office located at 17 North Second Street, Suite 1300, Harrisburg, Pennsylvania 17101.

4. Respondent Gant Private Financial Management ("Respondent GPFM"), CRD#148724, was, at all times material herein, a Pennsylvania sole proprietorship with an address at 565 School Road, Blue Bell, Pennsylvania 19422.

5. Respondent Edwin B. Gant ("Respondent Gant"), CRD#4619168, was, at all times material herein, the president and sole proprietor of Respondent GPFM and an individual with an address at 565 School Road, Blue Bell, Pennsylvania 19422.

**FACTUAL ALLEGATIONS**

6. From in or about January 16, 2009 until December 31, 2010, Respondent GPFM was registered in Pennsylvania as an investment adviser pursuant to Section 301(c) of the 1972 Act, 70 P.S. §1-301(c).

7. From in or about March 18, 2011 until December 31, 2012, Respondent GPFM was registered in Pennsylvania as an investment adviser pursuant to Section 301(c) of the 1972 Act, 70 P.S. §1-301(c).

8. From in or about April 25, 2013 until the present, Respondent GPFM has been registered in Pennsylvania as an investment adviser pursuant to Section 301(c) of the 1972 Act, 70 P.S. §1-301(c).

9. As the president and sole proprietor of Respondent GPFM, Respondent Gant acted as an "affiliate" of Respondent GPFM within the meaning of Section 102(b) of the Act, 70 P.S. §1-102(b), and, as such, caused Respondent GPFM to commit the herein stated acts which violated the 1972 Act.

10. On March 26, 2013, Respondent GPFM filed an application for registration as an investment adviser ("Application") with the Department.

11. On April 9, 2013, staff of the Bureau ("Staff") mailed Respondent GPFM a letter ("Staff's Letter") detailing the deficiencies in the Application. A true and correct copy of Staff's Letter is attached as Exhibit 1.

12. On April 19, 2013, the Department received a letter from Respondent Gant ("Gant's Letter") dated April 12, 2013, in response to Staff's Letter. In Gant's Letter, Respondent Gant states that, as of April 12, 2013, Respondent Gant had not received any investment advisory fees in 2013. A true and correct copy of Gant's Letter is attached as Exhibit 2; however, it should be noted that a portion of Gant's Letter was highlighted by Staff.

13. From January 1, 2013 until April 24, 2013, Respondent GPFM was not registered pursuant to Section 301(c) of the 1972 Act, 70 P.S. §1-301(c) nor exempt from registration as an investment adviser.

14. From in or about January 2013 until April 2013, Respondent GPFM engaged in the business of advising others, for compensation, on the purchase and sale of securities in Pennsylvania.

15. From in or about January 2013 until April 2013, Respondent GPFM received \$5,296.64 in advisory fees.

16. On July 10 2014, Staff conducted an exam ("Exam") of Respondent GPFM.

17. On May 8, 2015, Staff sent a letter dated March 7, 2015 to Respondent GPFM and Respondent Gant which outlined the deficiencies noted in the Exam. The letter ("First Deficiency Letter") stated that, while Respondent GPFM was not registered during the period January 1, 2013 through April 24, 2014, Respondent GPFM collected advisory fees totaling \$5,296.64. The First Deficiency Letter requested that Respondent GPFM and Respondent Gant provide information concerning the advisory fees received while Respondent GPFM was not registered. A true and correct copy of the First Deficiency Letter is attached as Exhibit 3.

18. On June 19, 2015, the Bureau received a response to the First Deficiency Letter from Respondent Gant which was dated June 10, 2015. The response did not include any information concerning Respondent GPFM's receipt of advisory fees from January 1, 2013 through April 24, 2014 as requested in the First Deficiency Letter. A true and correct copy of the response is attached as Exhibit 4.

19. On June 30, 2015, citing that the First Deficiency Letter erroneously stated that Respondent GPFM was not registered from January 1, 2013 until April 24, 2014, Staff mailed a second, corrected deficiency letter ("Second Deficiency Letter") to Respondent GPFM and Respondent Gant which stated that Respondent GPFM was not registered from January 1, 2013 until April 24, 2013 and requested information for the advisory fees received during the period January 1, 2013 through April 24, 2013. The Second Deficiency Letter also stated that Respondent GPFM and Respondent Gant were to submit the requested information within thirty days from the

date of the Second Deficiency Letter. A true and correct copy of the Second Deficiency Letter is attached as Exhibit 5.

20. To date, the Bureau has not received any response to the Second Deficiency Letter from Respondent GPFM or Respondent Gant.

### COUNTS

#### Violation of Section 301(c) of the 1972 Act, 70 P.S. 1-301(c)

21. Paragraphs 1 through 20 are incorporated herein by reference as if set forth in their entirety.

22. By engaging in the acts and conduct set forth in paragraphs 6 through 15 of the Factual Allegations, Respondent GPFM and Respondent Gant engaged in acts and practices in willful violation of Section 301(c) of the 1972 Act, 70 P.S. §1-301(c).

#### Violation of Section 407 of the 1972 Act, 70 P.S. § 1-407

23. Paragraphs 1 through 22 are incorporated herein by reference as if set forth in their entirety.

24. By engaging in the acts and conduct set forth in paragraphs 6 through 15 of the Factual Allegations, Respondent GPFM and Respondent Gant made or caused to be made, in a document filed with the Department, a statement which was, at the time and in the light of circumstances under which it was made, false or misleading in a material respect in willful violation of Section 407(a) of the 1972 Act, 70 P.S. §1-407(a).

#### Section 305(a)(xiii) of the 1972 Act, 70 P.S. § 1-305(a)(xiii)

25. Paragraphs 1 through 24 are incorporated herein by reference as if set forth in their entirety.

26. By engaging in the acts and conduct set forth in paragraphs 6 through 20 of the Factual Allegations, Respondent GPFM and Respondent Gant have refused to furnish information reasonably requested by the Department, which acts and conduct form a basis to suspend, revoke or condition the registration of Respondent GPFM.

Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v)

27. Paragraphs 1 through 26 are incorporated herein by reference as if set forth in their entirety.

28. By engaging in the acts and conduct set forth in paragraphs 6 through 20 of the Factual Allegations, Respondent GPFM and Respondent Gant have willfully violated provisions of the 1972 Act, which acts and conduct form a basis to suspend, revoke, or condition the registration of Respondent GPFM.

SANCTIONS AND REMEDIES

WHEREAS, the Bureau respectfully requests the penalties and relief pursuant to its authority under the 1972 Act:

1. That an order be issued pursuant to Section 305 of the 1972 Act, 70 P.S. § 1-305 that the registration of Respondent GPFM be suspended, revoked, or conditioned or that Respondent GPFM be censured.

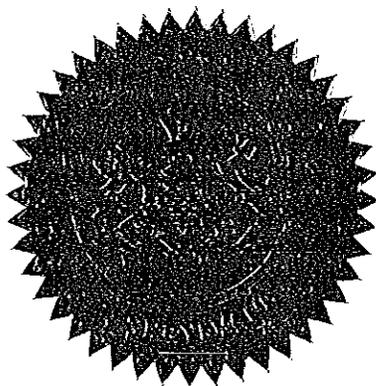
2. That Respondent GPFM and Respondent Gant be ordered to pay the costs of the investigation pursuant to Section 602.1(b) of the 1972 Act, 70 P.S. § 1-602.1(b).

3. That Respondent GPFM and Respondent Gant be ordered to pay an administrative assessment of up to \$100,000.00, pursuant to Section 602.1(c) of the 1972 Act, 70 P.S. § 1-602.1(c)

4. That an order be issued pursuant to Section 512 of the 1972 Act, 70 P.S. § 1-512, permanently barring Respondent GPFM and Respondent Gant from:

- a. Representing an issuer offering or selling securities in this State;
- b. Acting as a promoter, officer, director or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities in this State or of a person who controls or is controlled by such issuer;
- c. Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under Section 301 of the 1972 Act;
- d. Being an affiliate of any person registered under Section 301 of the 1972 Act; or
- e. Relying upon an exemption from registration contained in Section 202, 203 or 302 of the 1972 Act;

**IT IS SO ORDERED.**



FOR THE COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES  
BUREAU OF SECURITIES LICENSING, COMPLIANCE AND  
EXAMINATIONS

Redacted

Joseph J. Minis  
Acting Deputy Secretary of Securities

Dated:

10/19/15



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DEPARTMENT OF BANKING AND SECURITIES

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MANAGEMENT	:	
EDWIN B. GANT	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Order to Show Cause upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.35, 33.36 and 33.37:

BY CERTIFIED AND FIRST CLASS MAIL

Gant Private Financial Management  
Edwin B. Gant  
565 School Road  
Blue Bell, PA 19422

Dated this 20<sup>th</sup> day of October, 2015.

Redacted  
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Fran Beers  
Administrative Officer  
Office of Chief Counsel  
FOR: Commonwealth of Pennsylvania  
Department of Banking and Securities  
Market Square Plaza  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101  
(717) 783-4186