

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES**

COMMONWEALTH OF PENNSYLVANIA	:	
DEPARTMENT OF BANKING AND	:	
SECURITIES, BUREAU OF SECURITIES	:	
COMPLIANCE AND EXAMINATIONS	:	Docket No. : 24-0002 (SEC-OSC)
	:	
v.	:	
	:	
RCL CAPITAL MANAGEMENT	:	
RONALD LEONARD¹	:	

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities (“Department”), Bureau of Securities Compliance and Examinations (“Bureau”), has conducted an investigation of the business practices of RCL Capital Management (“RCL”) and its officers and employees. Based on the results of its investigation, the Bureau has concluded that RCL has operated in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 *et seq.* (“1972 Act”). RCL, in lieu of litigation, and without admitting or denying the allegations herein, and intending to be legally bound, hereby agrees to the terms of this Consent Agreement and Order (“Order”).

BACKGROUND

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.

¹ This Consent Agreement and Order is only applicable to RCL Capital Management.

3. RCL, CRD #121342, was, at all material times herein, a Pennsylvania sole proprietorship with an address at Redacted

FACTUAL ALLEGATIONS

4. From in or about September 26, 1997 through the present, RCL has been registered pursuant to Section 301(c) of the 1972 Act, 70 P.S. § 1-301(c), as an investment adviser.

5. At all material times, RCL, in connection with its advisory services, directly or indirectly held client funds or securities with the authority to obtain possession of them or the ability to appropriate them, and thus had "custody" of client funds or securities as defined in Regulation 102.021, 10 Pa. Code § 102.021.

6. Regulation 304.022(a)(1), 10 Pa. Code § 304.022(a)(1) provides that an investment adviser that has custody of client funds or securities shall file an audited balance sheet as of the end of its fiscal year.

7. Regulation 304.022(d), 10 Pa. Code § 304.022(d) provides that an investment advisor with custody of client funds or securities must file its audited balance sheet with the Department within 120 days of the investment adviser's fiscal year end.

8. At all material times herein, RCL did not timely file an audited balance sheet with the Department after its fiscal year ended.

VIOLATION

9. By engaging in the acts and conduct set forth in paragraphs 5 through 8 above, RCL, having custody of client funds or securities, failed to file with the Department an audited balance sheet, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of RCL or to censure RCL pursuant to Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 304.022(a), 10 Pa. Code § 304.022(a).

RELIEF

10. RCL shall pay the Department an administrative assessment in the amount of \$11,900.00. Payment shall be made by certified check or money order made payable to the “Department of Banking and Securities” and shall be mailed or delivered in person to the Bureau of Securities Compliance and Examinations located at 17 N. Second Street, Suite 1300, Harrisburg, Pennsylvania 17101. The assessment shall be paid as follows:

- a. \$1,487.50 on or before July 15, 2024;
- b. \$1,487.50 on or before October 15, 2024;
- c. \$1,487.50 on or before January 15, 2025;
- d. \$1,487.50 on or before April 15, 2025;
- e. \$1,487.50 on or before July 15, 2025;
- f. \$1,487.50 on or before October 15, 2025;
- g. \$1,487.50 on or before January 15, 2026; and
- h. \$1,487.50 on or before April 15, 2026.

11. RCL is ORDERED to comply with the 1972 Act, and Regulations adopted by the Department, and in particular Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v).

12. Should RCL fail to pay the assessment as set forth in paragraph 10 above, the sanctions set forth elsewhere in the Order shall continue in full force and effect until full payment is made. However, this provision shall not be construed as affording RCL the option of either paying the assessment or being indefinitely subject to the sanctions.

13. Should RCL fail to comply with any and/or all provisions of this Order, the Department may impose additional sanctions and costs and seek other appropriate relief subject to RCL’s right to a hearing pursuant to the 1972 Act.

FURTHER PROVISIONS

14. Consent. RCL hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agrees that it understands all of the terms and conditions contained herein. RCL, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions, and/or penalties set forth in this Order.

15. Entire Agreement. This Order contains the entire agreement between the Department and RCL. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Department and RCL.

16. Binding Nature. The Department, RCL, and all officers, owners, directors, employees, heirs and assigns of RCL intend to be and are legally bound by the terms of this Order.

17. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

18. Effectiveness. RCL hereby stipulates and agrees that the Order shall become effective on the date the Bureau executes the Order ("Effective Date").

19. Other Enforcement Action.

(a) The Department reserves all of its rights, duties, and authority to enforce all statutes, rules, and regulations under its jurisdiction against RCL in the future regarding all matters not resolved by this Order.

(b) This Order resolves all matters raised in the Order to Show Cause docketed on January, 24, 2024.

(c) RCL acknowledges and agrees that this Order is only binding upon the Department and not any other local, state or federal agency, department, or office regarding matters within this Order.

20. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

21. Counterparts. This Order may be executed in separate counterparts, by facsimile and/or by PDF.

22. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

23. Finding. The Department finds that it is necessary and appropriate in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities Compliance and Examinations and RCL Capital Management, intending to be legally bound, do hereby execute this Consent Agreement and Order.

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

Redacted

Eric Pistilli, Deputy Secretary for Securities

Date: 04/29/2024



FOR RCL CAPITAL MANAGEMENT

Redacted

Ronald Leonard, Owner

Date: 4.27.24