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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA :
DEPARTMENT OF BANKING AND :
SECURITIES, BUREAU OF SECURITIES :
LICENSING COMPLIANCE AND :
ENFORCEMENT :

Docket No.: 14 0009 (SEC-CAO)

v.

MONTCHANIN ASSET MANAGEMENT, :
LLC :

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania acting through the Department of Banking and Securities ("Department") Bureau of Securities Licensing, Compliance and Enforcement ("Bureau") has conducted an investigation of the business practices of Montchanin Asset Management, LLC ("Montchanin") and its officers and employees. Based on the results of its investigation, the Bureau has concluded that Montchanin has operated in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 et. seq. ("1972 Act"). Montchanin, 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.

3. Montchanin, CRD#115365, was, at all times material herein, a Delaware Limited Liability Company with an address at 10 West Rockland Road, Montchanin, Delaware 19710.

4. At all times material herein, Montchanin has been an investment adviser and engaged in the business of advising others, for compensation, on the purchase and sale of securities in Pennsylvania.

5. From on or about September 11, 2001 through June 28, 2012 Montchanin had been registered as an investment adviser with the United States Securities and Exchange Commission ("SEC") under Section 203(c) of the Investment Advisers Act of 1940 and was a federally covered adviser as defined under Section 102(f.1) of the 1972 Act, 70 P.S.

6. From on or about April of 2006 through June 28, 2012, Montchanin was required to be Notice Filed in Pennsylvania as an investment adviser pursuant to Section 301(f) of the 1972 Act, 70 P.S. § 1-301(f) and was subject to the Notice Filing requirements of Section 303 of the 1972 Act, 70 P.S. § 1-303.

7. On or about July 16, 2012, Montchanin filed an application for registration in Pennsylvania pursuant to Section 303(a)(i) of the 1972 Act, 70 P.S. § 1-303(a)(i).

8. When Montchanin made application for investment adviser registration in Pennsylvania, Montchanin notified the Bureau that the firm had failed to Notice File in Pennsylvania as required by Section 303 of the 1972 Act, 70 P.S. § 1-303.

VIOLATION

9. By engaging in the acts and conduct set forth in Paragraph 5, 6 and 8 above, Montchanin failed to Notice File in Pennsylvania in violation of Section 301(f) of the 1972 Act, 70 P.S. § 1-301(f).

AUTHORITY

10. Because Montchanin failed to Notice File in Pennsylvania, as required by Section 301(f) of the 1972 Act, 70 P.S. § 1-301(f), the Department has the authority to impose sanctions on Montchanin.

11. Because Montchanin failed to Notice File in Pennsylvania, as required by Section 301(f) of the 1972 Act, 70 P.S. § 1-301(f), the Department may issue an order imposing an administrative assessment against Montchanin and also order Montchanin to pay the costs of the Investigation, see 70 P.S. § 1-602.1(c)(1)(vi) and 70 P.S. § 1-602.1(b).

RELIEF

12. Montchanin shall pay the Department an administrative assessment in the amount of \$10,000.00. 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 Licensing, Compliance and Enforcement, located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

13. Montchanin shall pay to the Department investigative and legal costs in the amount of \$1,000.00. 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 Licensing, Compliance and Enforcement, located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

14. The investigative and legal costs and the administrative assessment shall be paid as follows:

- a) \$1,000.00 investigative and legal costs and \$5,000.00 administrative assessment on or before March 1, 2014;
- b) \$5,000.00 administrative assessment on or before August 1, 2014.

15. Montchanin is ORDERED to comply with the 1972 Act and Regulations adopted by the Department and in particular 301(f) of the 1972 Act, 70 P.S. § 1-301(f).

16. Should Montchanin fail to pay the costs and the assessment as set forth in paragraphs 12 and 13 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 Montchanin the option of either paying the costs and the assessment or being indefinitely subject to the sanctions.

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

FURTHER PROVISIONS

18. Consent. Montchanin 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. Montchanin, 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.

19. Entire Agreement. This Order contains the entire agreement between the Department and Montchanin. 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 Montchanin.

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

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

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

23. 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 Montchanin in the future regarding all matters not resolved by this Order.

(b) Montchanin 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.

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

25. Counterparts. This Order may be executed in separate counterparts, by facsimile and by PDF.

26. 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.

27. 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

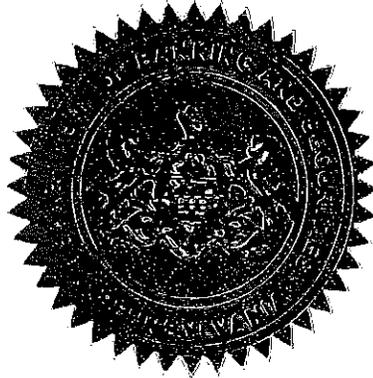
Licensing, Compliance and Enforcement and Montchanin Asset Management, LLC intending to be legally bound do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES LICENSING, COMPLIANCE AND ENFORCEMENT:**

By: _____

Victoria A. Reider
Executive Deputy Secretary

Dated: March 11, 2014



FOR MONTCHANIN ASSET MANAGEMENT, LLC:

By: _____

(Officer Signature)

By: Donald C. Meyer

(Print Officer Name)

Title: CDD

Dated: 2/20/2014

AMANDA E. MURPHY
NOTARY PUBLIC, STATE OF DELAWARE
MY COMMISSION EXPIRES JUNE 3, 2015