

FILED

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

2017 DEC 15 AM 10:06

PA DEPARTMENT OF  
BANKING AND SECURITIES

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COMMONWEALTH OF PENNSYLVANIA :	:
DEPARTMENT OF BANKING AND :	:
SECURITIES, BUREAU OF SECURITIES :	:
COMPLIANCE AND EXAMINATIONS :	:
	:
v. :	Docket No.: 160059 (SEC-OSC)
	:
JOHN FRANK BARNYAK :	:
STONEHOUSE ASSET :	:
MANAGEMENT, INC. :	:
	:

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**NOTICE OF RIGHT TO APPEAL**

You are hereby notified that you have the right to appeal the attached Amended Final Order (“Order”) issued by the Commonwealth of Pennsylvania Banking and Securities Commission.

**If you wish to appeal the attached Order you may file a petition for review with the Prothonotary of the Commonwealth Court of Pennsylvania that complies with the format and timing requirements of the applicable Pennsylvania Rules of Appellate Procedure. Pa. R.A.P. 1511-1561. Failure to file a petition for review within 30 days of the mailing date of this Order will result in the attached Order becoming final and unappealable. You may reach the Commonwealth Court at 717-255-1650.**

Please be advised that this Notice of Right to Appeal is not intended to and does not constitute legal advice. You should consult an attorney regarding your legal rights including your right to appeal the attached Order or your right to file an application for rehearing or reconsideration under the General Rules of Administrative Practice and Procedure. 1 Pa. Code § 35.241.

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JOHN FRANK BARNYAK :  
STONEHOUSE ASSET :  
MANAGEMENT, INC. :

WHEREAS, on November 17, 2017, the Banking and Securities Commission (“Commission”) mailed to the parties a Final Order adopting as modified the proposed report of Hearing Examiner Maria Battista, dated March 10, 2017; and

WHEREAS, the hearing examiner in her proposed report set forth the following sanctions:

- REVOKED the registrations of Respondents John Frank Barnyak and Stonehouse Asset Management, Inc. (collectively the “Respondents”).
- PERMANENTLY AND UNCONDITIONALLY BARRED the Respondents from engaging in activities under the Pennsylvania Securities Act of 1972 (the “1972 Act”).
- ORDERED the Respondents to pay the costs of investigation conducted by the staff of the Department of Banking and Securities, Bureau of Securities, Compliance and Examination (“Bureau”) relating to this proceeding.
- ORDERED the Respondents to pay an administrative assessment as deemed appropriate by the Commission; and

WHEREAS, in response to the proposed report, the Bureau filed a Brief on Exceptions in which it endorsed the proposed report and requested that the Commission impose an administrative assessment against the Respondents, jointly and severally, in the amount of \$50,000; and

WHEREAS, at its meeting of November 8, 2017, the Commission discussed the proposed report and the Bureau's Brief on Exceptions, after which it directed that the proposed order be adopted as modified to include as a sanction an administrative assessment in the amount of \$50,000; and

WHEREAS, it was the Commission's intent to retain all of the sanctions listed in the proposed report and to quantify the administrative assessment at \$50,000; and

WHEREAS, due to a drafting error, the Final Order as issued on November 17, 2017, did not include the revocation sanctions; and

WHEREAS, the Board finds that it is appropriate to vacate the Final Order, and replace it with one that makes clear the Commission's intent to adopt the proposed report with all enumerated sanctions, as well as quantifying the administrative assessment at \$50,000.

NOW, THEREFORE, this 15<sup>th</sup> day of December, 2017, the Commission enters the following:

**AMENDED FINAL ORDER**

AND NOW, this 15<sup>th</sup> day of December, 2017, in the matter of John Frank Barnyak and Stonehouse Asset Management, Inc. (collectively the "Respondents"), the Banking and Securities Commission ("Commission") vacates its Final Order of November 8, 2017, with mailing date of November 17, 2017.

Having reviewed the record and considered the hearing examiner's proposed report dated March 10, 2017, which is attached, the Brief on Exceptions filed by the Department of Banking

and Securities, Bureau of Securities, Compliance and Examination Bureau (“Bureau”), the Commission adopts the proposed report and order as modified below.

In its exceptions, the Bureau did not take issue with the hearing examiner’s findings of fact, conclusions of law and recommended sanctions in the proposed report, but filed exceptions because the hearing examiner, while recommending an administrative assessment against the Respondents, chose to defer to the Commission the determination of what exact amount the administrative assessment should be.

Accordingly, because the Respondents have demonstrated willful disregard for the 1972 Act, and have failed to respond to the allegations in this proceeding, the Commission orders that Respondents shall jointly and severally pay an **ADMINISTRATIVE ASSESSMENT** in the amount of \$50,000, as authorized by section 602.1(c) of the 1972 Act, 70 P.S. 1-602.1(c).

Additionally, the Commission orders that the registration of Respondent John Frank Barnyak (CRD #3029889) and the registration of Respondent Stonehouse Asset Management, Inc. (CRD # 132143) shall be **REVOKED** under section 305(a) of the 1972 Act, 70 P.S. 1-305(a), with both Respondents being **PERMANENTLY and UNCONDITIONALLY BARRED** under section 512 of the 1972 Act, 70 P.S. 1-512(a), from the following:

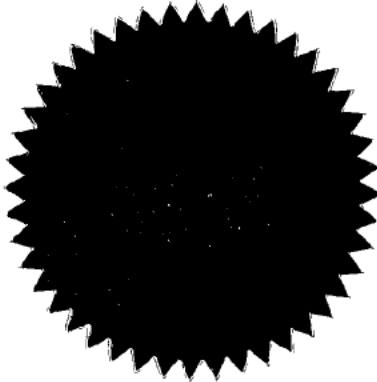
- 1) Representing an issuer offering or selling securities in this State;
- 2) Acting as a promoter, officer, director or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities in this State or of a person who controls or is controlled by such issuer;
- 3) Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under section 301 of the 1972 Act;
- 4) Being an affiliate of any person registered under section 301 of the 1972 Act; or

5) Relying upon an exemption from registration contained in section 202, 203 or 302 of the 1972 Act.

Finally, the Commission orders that Respondents shall jointly and severally pay **COSTS OF INVESTIGATION** as authorized by section 602.1(b) of the 1972 Act, 70 P.S. 1-602.1(b).

Payment of the administrative assessment and costs of investigation shall be by certified check, attorney's check or U.S. Postal Service money order, made payable to the "Commonwealth of Pennsylvania," and shall be mailed within thirty (30) days of the mailing date of the Commission's Amended Final Order in this matter, to:

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



**BY ORDER OF THE COMMISSION:**

Redacted

\_\_\_\_\_  
**James R. Biery**  
**Chair**  
**Department of Banking and Securities Commission**

*Pennington*

So ORDERED this 11<sup>th</sup> day of December, 2017

FILED

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MANAGEMENT, INC. :	:
	:

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day caused to be served a copy of the foregoing *Amended Final Order* upon counsel for the parties who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.35 and 33.36:

**BY CERTIFIED AND  
FIRST CLASS MAIL:**

John Frank Barnyak  
Redacted  
  
Stonehouse Asset Management, Inc.  
c/o John Frank Barnyak  
500 East Beau Street  
Washington, PA 15301

**BY HAND-DELIVERY AND  
ELECTRONIC MAIL:**

Carolyn Mendelson, Counsel  
Commonwealth of Pennsylvania  
Department of Banking and Securities  
301 5<sup>th</sup> Avenue, Suite 290  
Pittsburgh, PA 15222  
*Counsel for the Department of  
Banking and Securities*

Dated this 15<sup>th</sup> day of December, 2017 Redacted

Gerard M. Mackarevich, Counsel  
Attorney I.D. # 47529  
Counsel to the Banking and Securities Commission  
17 N. 2<sup>nd</sup> Street, Suite 1300  
Harrisburg, PA 17101  
Telephone: (717) 787-1471



## HISTORY

On November 3, 2014, the Commonwealth of Pennsylvania, Department of Banking and Securities (“Department”), through the Bureau of Securities, Compliance and Examinations (“Bureau”), issued and served upon Respondent John Frank Barnyak (“Barnyak” or “Respondent Barnyak”) and Respondent Stonehouse Asset Management, Inc. (“Stonehouse” or “Respondent Stonehouse”) (hereinafter, collectively known as “Respondents”) a *Notice to Answer and Request a Hearing* (“Notice”) and an *Order to Show Cause* (“OTSC”). The Bureau alleged in its *OTSC* that Respondents were subject to disciplinary action under the Pennsylvania Securities Act of 1972 (“1972 Act”)<sup>1</sup> and the corresponding regulations.

The *Notice* and *OTSC* were served upon Respondents by certified and first class mail at the official address listed on the Investment Adviser Registration System (“IARD”) as follows: 500 East Beau Street, Washington, PA 15301. On November 20, 2016, the *OTSC* sent by certified mail to Respondents was returned to the Bureau as “unclaimed.” The *OTSC* sent by first class mail to Respondents was not returned to the Bureau.

The *Notice* advised Respondents of the right to challenge the *OTSC* by filing an *Answer* within thirty (30) days. Respondents were notified of the following in the *Notice*:

**You, Stonehouse Asset Management, Inc. and John Frank Barnyak have the right to challenge the attached Order to Show Cause (“Order”) by filing an Answer, in writing, with the Banking and Securities Commission (“Commission”) 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 Commission may enter a final order against you.**

Your Answer must be in writing, 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.

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<sup>1</sup>Act of December 5, 1972, P.L. 1280, No. 284, as amended, 70 P.S. §§ 1-101-1-703.1.



Respondents did not file an *Answer* to the *OTSC*.

On December 21, 2016, the Secretary of Banking and Securities designated Maria Battista to serve as the Hearing Officer for the Department in this matter. On January 9, 2017, the Bureau filed and served upon Respondents a *Motion to Deem Facts Admitted and Entry of Default Judgment* (“MDFA Motion”) at the official address listed on the IARD as follows: 500 East Beau Street, Washington, PA 15301.

The Bureau alleged in the *MDFA Motion* that as a result of its *OTSC* filed upon Respondents at Respondents official address listed on the IARD, with the first class mailing not returned,<sup>2</sup> and Respondents not filing an *Answer* by December 3, 2016 (within thirty (30) days of the date of service of the *OTSC*) or at the time of the filing of the *MDFA Motion* on January 9, 2017, that the facts as set forth in the *OTSC*, together with the accompanying exhibits, be deemed admitted. Respondent failed to respond to the *MDFA Motion*.

On March 6, 2017, Hearing Officer Battista issued an *Order Deeming Facts Admitted and Entry of Default Judgment* (“MDFA Order”). The *MDFA Order* entered judgment by default against Respondents; deemed the factual allegations of Paragraphs 1 through 23 of the *OTSC* admitted, and advised Respondents that a *Proposed Report* recommending appropriate sanctions would be issued in due course. The matter is now before the Secretary of Banking and Securities for final disposition.

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<sup>2</sup>The certified mailing was returned to the Bureau as “undeliverable.” (Dkt. No. 160059 (SEC-OSC); MDFA Motion at ¶ 5)

### FINDINGS OF FACT

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the 1972 Act. (OTSC at ¶ 1)
2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department. (OTSC at ¶ 2)
3. The Bureau operates from the Department's main office located at 17 North Second Street, Suite 1300, Harrisburg, PA 17101. (OTSC at ¶ 3)
4. Respondent Stonehouse was, at all times material herein, a Pennsylvania corporation with a business address of 500 East Beau Street, Washington, PA 15301. (OTSC at ¶ 4)
5. Respondent Barnyak was, at all times material herein, an individual with a business address of 500 East Beau Street, Washington, PA 15301. At all times material herein, Barnyak had a residential address of Redacted . (OTSC at ¶ 5)
6. From on or about April 2005 through the present, Respondent Stonehouse (CRD #132143) has been registered and has transacted business pursuant to Section 301(c) of the 1972 Act, 70 P.S. § 1-301(c) as an investment adviser in Pennsylvania. (OTSC at ¶ 6)
7. From on or about April 2005 through the present, Respondent Barnyak (CRD #3029889) has been registered and has transacted business as an investment adviser representative of Stonehouse pursuant to Section 301(c) of the 1972 Act, 70 P.S. § 1-301(c). At all times material herein, Respondent Barnyak held the Series 6, 7, 31, 63, and 65 securities licenses. (OTSC at ¶ 7)
8. From on or about April 2005 through the present, Respondent Barnyak has been the President of Respondent Stonehouse. (OTSC at ¶ 8)

9. At all times material herein, Respondent Barnyak has solely “controlled” Stonehouse, as that term is defined by Section 102(g) of the 1972 Act, 70 P.S. § 1-102(g), and as such, has caused Respondent Stonehouse to commit the herein alleged acts which violate the 1972 Act, 70 P.S. §1-101, *et. seq.*, and its regulations. (OTSC at ¶ 9)
10. At all times material herein, the Respondents have held themselves out to the public in Pennsylvania as an investment adviser and investment adviser representative. Their services listed on Respondent Stonehouse’s Form ADV Part 2a include financial planning, portfolio management for individuals and small businesses, and selection of other advisers. At all times material herein, Respondent Barnyak has operated a blog for Respondent Stonehouse with an Internet address of <http://stonehouseasset.blogspot.com/>. (OTSC at ¶ 10)
11. On or about August 4, 2016, Staff of the Bureau (“Staff”) conducted an examination (“Exam”) of the Respondents’ business office. During the Exam, Staff discovered that the Respondents’ investment adviser business operation was deficient in several areas. (OTSC at ¶ 11)
12. On or about August 4, 2016, at the time of the Exam, Staff determined that the Respondents’ ADV Parts 1 and 2 dated 2013 had not been updated with certain material changes; Respondents’ ADV was inaccurate and outdated in several ways, including, but not limited to, the following:
  - (a) The ADV Part 1A, Item 5E states Respondent Stonehouse is compensated by a percentage of assets under management and fixed fees, when in fact, Respondent Stonehouse does not charge fixed fees;
  - (b) The ADV Parts 1A, Item 5F and 2A, Item 4 state Respondents have \$15,000,000 of non-discretionary assets under management. However, at the time of the Exam, Barnyak told Staff that the current assets under management for Respondent Stonehouse were \$3,349,436.37;

- (c) Stonehouse's ADV and brochure state that client assets are managed on a non-discretionary basis. However, the Respondents could not provide Staff with proof of any client trade approvals for trades; and
- (d) Respondent Barnyak told Staff during the Exam that he has not provided continuous and regular investment supervisory services and investment advice to his clients, (but for one out-of-state client), during the last twelve to eighteen months and has not informed his clients that he is not performing these services.

(OTSC at ¶ 13)

13. On or about August 4, 2016, at the time of the Exam, Staff determined that Respondent Barnyak's Form U-4 was inaccurate in several ways, including, but not limited to, the following:

- (a) Respondent Barnyak's U-4, Item 1 states Stonehouse's name as Financial Advisors, Inc., when in fact, the investment adviser's name is Stonehouse Asset Management, Inc.;
- (b) Respondent Barnyak's U-4, Item 1 states an inaccurate business address of 312 Boulevard of the Allies, Pittsburgh, PA 15222, when in fact, Stonehouse's current business address is 500 East Beau Street, Washington, PA 15301;
- (c) Respondent Barnyak's U-4, Item 3 states Respondent Barnyak maintains a registration with a broker-dealer when, in fact, Respondent Barnyak is not currently registered with any broker-dealer; and
- (d) Respondent Barnyak's U-4, Item 12 states that Respondent Barnyak is currently employed with "Hefron-Tillotson, Inc." and "Financial Advisors, Inc.", when in fact, Barnyak's only current employment and affiliation in the securities business is with Stonehouse.

(OTSC at ¶ 14)

14. On or about August 4, 2016, at the time of the Exam, Staff determined that Respondents failed to keep true, accurate and current its books, ledgers and records in several ways, including, but not limited to, the following:

- (a) The Respondents failed to maintain and/or to provide to Staff any required cash receipts and disbursement records;
- (b) The Respondents failed to maintain and/or to provide to Staff any required ledgers relating to advisory services;
- (c) The Respondents failed to maintain and/or to provide to Staff any books and records related to instances wherein non-discretionary clients provided oral authorization to the firm in placing an order for the purchase or sale of securities for their accounts;
- (d) The Respondents failed to maintain and/or to provide check books, bank statements, canceled checks and cash reconciliations of Respondent Stonehouse;
- (e) The Respondents failed to maintain and/or to provide to Staff, bills or statements (or copies of), paid or unpaid, relating to Respondent Stonehouse's business as an investment adviser;
- (f) The Respondents failed to maintain and/or to provide to Staff trial balances, financial statements, net worth computations, and internal audit working papers relating to Respondent Stonehouse's business as an investment adviser;
- (g) The Respondents could not provide any tax returns for Stonehouse; and
- (h) The Respondents failed to maintain and/or provide to Staff written information about each investment advisory client that is the basis for making any recommendation or providing any investment advice to the client.

(OSTC at ¶ 15)

15. On or about August 4, 2016, at the time of the Exam, Staff established the factual basis that the Respondents were failing to uphold their fiduciary duties and to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business; the fiduciary duties and principles of trade were not upheld in several ways, including, but not limited to, the following:

- (a) Respondent Barnyak told Staff that the Respondents have not been actively managing client accounts and/or providing investment advice to clients (who are Pennsylvania residents) for the last year to year and a half (with the exception of one out-of-state client) despite the fact that the Respondents

maintain investment advisory contracts with such clients which states such services will be performed;

(b) Respondent Barnyak admitted to Staff that the Respondents have failed to notify such clients that their accounts have not been actively managed despite the terms of the investment advisory contracts; and

(c) Respondent Stonehouse's Form ADV, Item 5, F(1), states that the firm "provides continuous and regular investment supervisory or management services to securities portfolios." However, Barnyak has failed to do so.

(OTSC at ¶ 16)

16. At all times material herein, Barnyak's admissions to Staff during the Exam revealed that Respondents' clients did not know that their securities portfolios and assets were, in fact, not being managed on a continuous and regular basis despite the terms of their investment advisory contracts with the Respondents and the terms specified on Respondent Stonehouse's Form ADV. (OTSC at ¶ 17)
17. Based upon the August 4, 2016 Exam of Respondents' business, Respondents committed fraudulent, deceptive or manipulative acts in their business practices and courses. (OTSC at ¶ 18)
18. On or about August 4, 2016, the Respondents told Staff that a current brochure has not been delivered to or offered to its advisory clients, despite the fact that Pennsylvania regulation requires that an investment adviser deliver, at least once a year, without charge, or offer in writing to deliver to each of its clients a current brochure and any current brochure supplements. *See* Regulation 404.011(e), 10 Pa. Code § 404.011(e). (OTSC at ¶ 19)
19. As a result of the Exam of Respondents' business office, on or about August 23, 2016, Staff issued a deficiency letter ("Deficiency Letter") to the Respondents which contains allegations of certain violations of the 1972 Act and its regulations. (OTSC at ¶ 12)

20. On or about August 23, 2016, through the Deficiency Letter, Staff requested that the Respondents resolve the above-referenced deficiencies and come into compliance with the 1972 Act and its regulations. (OTSC at ¶ 20)
21. On or about October 17, 2016, Staff for the Bureau sent an additional letter to the Respondents advising that should the issues noted in the Deficiency Letter not be resolved immediately, that an Order to Show Cause (“OTSC”) would be filed on November 1, 2016. (OTSC at ¶ 21 and Exhibit “A” to OTSC)
22. As of the date of the *OTSC*, Respondents had not responded in any manner to the above-referenced deficiencies. (OTSC at ¶ 22)
23. As of the filing of this *OTSC*, Respondents failed to resolve the above-referenced deficiencies and/or to come into compliance with the 1972 Act and its regulations. (OTSC at ¶ 23)
24. On November 3, 2016, the Bureau issued and served upon Respondents a *Notice* and *OTSC* directing that Respondents show cause why the Banking and Securities Commission (“Commission”) should not impose sanctions and remedies against them for their violation of the 1972 Act and its correspondent regulations. (Official Notice – Department Records<sup>3</sup>; MDFA Motion at ¶ 1)

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<sup>3</sup>Official notice of such matters as might be judicially noticed by courts is permissible under the General Rules of Administrative Practice and Procedure, 1 Pa. Code § 31.1 *et seq.* at § 35.173, which provides, in pertinent part, as follows:

**§ 35.173. Official Notice of Facts.**

Official Notice may be taken by the agency head or the presiding officer of such matters as might be judicially noticed by the courts of this Commonwealth, or any matters as to which the agency by reason of its functions is an expert....

1 Pa. Code § 35.173.

25. Respondents were sent the *Notice* and *OTSC* by certified mail and first class mail at its official address as listed on the IARD: 500 East Beau Street, Washington, PA 15301. (Department Records; Dkt. No. 160059 (SEC-OSC); MDFA Motion at ¶ 3)
26. The *OTSC* sent by certified mail to Respondents was returned to the Bureau as “unclaimed.” (Department Records; Dkt. No. 160059 (SEC-OSC); MDFA Motion at ¶ 5)
27. The *OTSC* sent by first class mail to Respondent was not returned to the Bureau and is presumed to be delivered. (Department Records; Dkt. No. 160059 (SEC-OSC); MDFA Motion at ¶ 6)
28. Respondents were advised in the *Notice* to the *OTSC* to file an *Answer*, in writing, within (30) days of the date of the *OTSC* and if they did not file an *Answer* within thirty (30) days, they would waive their right to hearing. (Notice to OTSC; Department Records; Dkt. No. 160059 (SEC-OSC); MDFA Motion at ¶¶ 10, 12)
29. Respondents were also advised in the *Notice* to the *OTSC* that their *Answer* must specifically admit or deny the allegations in the *OTSC*, that general denials of the allegations of the *OTSC* were not sufficient and failure to support denials with specific

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Official Notice is also permitted under case law. *See, for example Falasco v. Commonwealth of Pennsylvania Board of Probation and Parole*, 521 A.2d 991 (Pa. Cmwlth. 1987), in which the Commonwealth Court explained:

“Official Notice” is the administrative counterpart of judicial notice and is the most significant exception to the exclusiveness of the record principle. This doctrine allows an agency to take official notice of facts which are obvious and notorious to an expert in the agency’s field and those facts contained in reports and records in the agency’s files, in addition to those facts which are obvious and notorious to the average person. Thus, official notice is a broader doctrine than is judicial notice and recognizes the special competence of the administrative agency in its particular field and also recognizes that the agency is a storehouse of information on that field consisting of reports, case files, statistics and other data relevant to its work.

521 A. 2d at 994, n. 6.

All subsequent such references will be cited as “Department Records” and are based on this taking of official notice.



- facts may cause the facts in the *OTSC* to be deemed admitted. (Notice to OTSC; Department Records; Dkt. No. 160059 (SEC-OSC))
30. Respondents did not file an *Answer* to the *OTSC*. (Department Records; Dkt. No. 160059 (SEC-OSC); MDFA Motion at ¶¶ 10, 12)
  31. On January 9, 2017, the Bureau filed and served upon Respondents the *MDFA Motion*. (Department Records; Dkt. No. 160059 (SEC-OSC))
  32. Respondents were sent the *MDFA Motion* by certified mail and first class mail at its official address as listed on the IARD: 500 East Beau Street, Washington, PA 15301. (Department Records; Dkt. No. 160059 (SEC-OSC))
  33. The *MDFA Motion* sent by certified mail to Respondent Barnyak and to Respondent Stonehouse were returned on February 1, 2016 as “Unclaimed.” (Department Records; Dkt. No. 160059 (SEC-OSC))
  34. The *MDFA Motion* sent by first class mail to Respondent Barnyak and to Respondent Stonehouse were not returned to the Bureau and are presumed delivered. (Department Records; Dkt. No. 160059 (SEC-OSC))
  32. Respondents did not respond to the *MDFA Motion*. (Department Records; Dkt. No. 160059 (SEC-OSC))
  33. On March 6, 2017, an *Order Deeming Facts Admitted and Entering Judgment by Default* (“MDFA Order”) was issued against Respondents. (Department Records; Dkt. No. 160059 (SEC-OSC))
  34. Respondents were served with the *OTSC*, *MDFA Motion* and all Orders, Notices, and pleadings filed of record in this matter. (Department Records; Dkt. No. 160059 (SEC-OSC))

## CONCLUSIONS OF LAW

1. The Commission has jurisdiction in this matter. (Findings of Fact 1-34)
2. Respondents have been afforded reasonable notice of the charges against them and an opportunity to be heard in this proceeding, in accordance with Administrative Agency Law, 2 Pa.C.S.A. § 504. (Finding of Fact 24-34)
3. In the absence of specific statutory notice provisions, what is required of a governmental unit is that which is sufficient to provide the person to be notified with actual or constructive notice of his or her rights. *Higgins v. Public School Employes' Retirement System*, 736 A.2d 745 (Pa. Cmwlth. 1999).
4. The *Notice* and *OTSC* sent by first class mail to Respondents is deemed to be sufficient notice under the law. *Id.*
5. The Bureau notified Respondents of their right to file an *Answer* and the potential consequences if an *Answer* to the *OTSC* was not filed. (Findings of Fact 24-34)
6. "Control" (including the terms "controlling," "controlled by" and "under common control with") was been defined in the 1972 Act to mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise. 70 P.S. § 1-102(g).
7. Respondent Barnyak solely "controlled" Respondent Stonehouse, as that term is defined by section 102(g) of the 1972 Act, 70 P.S. § 1-102(g), and as such, has caused Respondent Stonehouse to commit the herein alleged acts which violate the 1972 Act, 70 P.S. §1-101, et. seq., and its regulations. (Findings of Fact 1-23; 70 P.S. § 1-102(g))

8. Respondent Barnyak, as a registered investment adviser representative under section 301(c) of the 1972 Act, 70 P.S. 1-301(c), violated section 304(c) of the 1972 Act, 70 P.S. 1-304(c) and regulation 303.012(d), 10 Pa. Code § 303.012(d), by failing to take the necessary steps to ensure that material information contained in its Form ADV remains current and accurate. (Findings of Fact 1-23)
9. Respondent Stonehouse, as a registered investment advisor under section 301(c) of the 1972 Act, 70 P.S. 1-301(c), violated section 304(c) of the 1972 Act, 70 P.S. 1-304(c) and regulation 303.012(d), 10 Pa. Code § 303.012(d), by failing to take the necessary steps to ensure that material information contained in its Form ADV remains current and accurate. (Findings of Fact 1-23)
10. Respondent Barnyak, as a registered investment adviser representative under section 301(c) of the 1972 Act, 70 P.S. 1-301(c), violated section 304(c) of the 1972 Act, 70 P.S. § 1-304(c) and regulation 303.014(b), 10 Pa. Code § 303.014(b), by failing to take necessary steps to ensure that material information contained on a Form U-4 remains current and accurate. (Findings of Fact 1-23)
11. Respondent Stonehouse, as a registered investment advisor under section 301(c) of the 1972 Act, 70 P.S. 1-301(c), violated section 304(c) of the 1972 Act, 70 P.S. § 1-304(c) and regulation 303.014(b), 10 Pa. Code § 303.014(b), by failing to take necessary steps to ensure that material information contained on a Form U-4 remains current and accurate. (Findings of Fact 1-23)
12. Respondent Stonehouse, as a registered investment advisor under section 301(c) of the 1972 Act, 70 P.S. 1-301(c), violated section 304(a) of the 1972 Act, 70 P.S. § 1-304(a) and regulation 304.012(a), 10 Pa. Code § 304.012(a), by failing to make and keep true, accurate

and current all accounts, correspondence, memoranda, papers, books, ledgers, and records.  
(Findings of Fact 1-23)

13. Respondent Barnyak, as a registered investment adviser representative under section 301(c) of the 1972 Act, 70 P.S. 1-301(c), engaged in dishonest or unethical business practices by failing to observe high standards of commercial honor and just and equitable principles of trade in the conduct of its business, in violation of section 305(a)(ix), 70 P.S. § 1-305(a)(ix) and regulation 305.019(a), 10 Pa. Code § 305.019(a). (Findings of Fact 1-23)
14. Respondent Stonehouse, as a registered investment advisor under section 301(c) of the 1972 Act, 70 P.S. 1-301(c), engaged in dishonest or unethical business practices by failing to observe high standards of commercial honor and just and equitable principles of trade in the conduct of its business, in violation of section 305(a)(ix), 70 P.S. § 1-305(a)(ix) and regulation 305.019(a), 10 Pa. Code § 305.019(a). (Findings of Fact 1-23)
15. Respondent Barnyak, as a registered investment adviser representative under section 301(c) of the 1972 Act, 70 P.S. 1-301(c), engaged in an act, practice or course of business which operates as a fraud for an investment adviser registered under the act by failing to, at least once a year, without charge, deliver or offer in writing to deliver to each of its clients the current brochure and any current brochure supplements required, in violation of section 404(a)(2), 70 P.S. § 1-404(a)(2) and regulation 404.011(e), 10 Pa. Code § 404.011(e). (Findings of Facts 1-23)
16. Respondent Stonehouse, as a registered investment advisor under section 301(c) of the 1972 Act, 70 P.S. 1-301(c), engaged in an act, practice or course of business which operates as a fraud for an investment adviser registered under the act by failing to, at least once a

year, without charge, deliver or offer in writing to deliver to each of its clients the current brochure and any current brochure supplements required, in violation of section 404(a)(2) of the 1972 Act, 70 P.S. § 1-404(a)(2) and regulation 404.011(e), 10 Pa. Code § 404.011(e).  
(Findings of Facts 1-23)

17. "Wilful" as defined by the 1972 Act "means that the person acted intentionally in the sense that the person intended to do the act and was aware of what the person was doing. Proof of evil motive or intent to violate the act or knowledge that the person's conduct violated the act is not required." Section 201(w)(1) of the 1972 Act, 70 P.S. § 1-201(w)(1).
18. Respondents' violations under sections 304(a) and (c), 305(a)(ix), 404(a)(2) of the 1972 Act, 70 P.S. §§ 1-304(a),(c), 1-305(a)(ix), 1-404(a)(2) and Respondents' violations under the regulations at 10 Pa. Code §§ 303.012(d), 303.014(b), 304.012(a), 305.019(a) and 404.011(e), were wilful violations as defined in the Act of 1972.
19. The Commission is authorized to suspend, revoke or censure the registrations of Respondents under section 305(a) of the 1972 Act, 70 P.S. § 1-305(a).
20. The Commission is authorized to permanently bar Respondents from engaging in activity under the 1972 Act, under the authority of section 512 of the 1972 Act, 70 P.S. § 1-512.
21. The Commission is authorized to order Respondents to pay an administrative assessment of up to \$100,000.00 for each act or omission constituting a wilful violation of the 1972 Act, under the authority of section 602.1(c) of the 1972 Act, 70 P.S. § 1-602.1(c).
22. The Commission is authorized to order Respondents to pay the costs of investigation conducted by Staff, as verifiable by the Bureau, under the authority of section 602.1(b) of the 1972 Act, 70 P.S. 1-602.1(b).

## DISCUSSION

### **Due Process/Service/MDFA**

On November 3, 2016, the Bureau served the *Notice* and *OTSC* on Respondents by first class mail and certified mail at the following address: 500 East Beau Street, Washington, PA 15301, which is the official address listed on the Investment Adviser Registration System (“IARD”) for Respondents. On November 20, 2016, the *Notice* and *OTSC* sent by certified mail to Respondents was returned to the Bureau as “unclaimed.” However, to date, the *OTSC* sent by first class mail to the Respondents has not returned to the Bureau and is presumed delivered.

Notice requirements are satisfied under the Mailbox Rule when proper notice of the action is mailed to an interested party’s last known address. *Milford Twp. Board of Supervisors v. Department of Environmental Resources*, 644 A.2d 217, 218 (Pa.Cmwlth. 1994). Notice sent by first class mail is deemed to be sufficient notice under the law to satisfy the notice requirement for Respondents.— *Higgins, supra*; see also, *Tyson v. Public School Employes' Retirement System*, 737 A.2d 325 (Pa. Cmwlth. 1999).<sup>4</sup> Therefore, service of the *OTSC* upon Respondents was in accordance with the requirements of § 33.31 of the General Rules of Administrative Practice and Procedure (“GRAPP”), 1 Pa. Code § 33.31.

In the *Notice* attached to the *OTSC*, Respondents were notified that the Bureau had instituted formal disciplinary action against them in the Commonwealth of Pennsylvania and that their failure to respond or general denials to the *OTSC* could result in a default judgment. Respondents were directed to file an *Answer* to the allegations in the *OTSC* within thirty (30) days, and advised that if they did not file an *Answer* to those allegations, disciplinary action could be taken against them without a hearing, with an final order entered against them.

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<sup>4</sup>In the absence of specific statutory notice provisions, what is required of a governmental unit is that which is sufficient to provide the person to be notified with actual or constructive notice of his or her rights. *Id.*

On January 9, 2017, the Bureau filed its *MDFA Motion* due to the failure of Respondents to file an *Answer* to the *OTSC* at any time since its service on November 3, 2016. The *MDFA Motion* was served upon Respondents via certified mail and first class mail at their official address as listed on the IARD for Respondents as follows: 500 East Beau Street, Washington, PA 15301. The *MDFA Motion* sent by first class mail to Respondents has not been returned to the Bureau, an indicator permitting the presumption of successful delivery of that pleading.<sup>5</sup> Respondent failed to respond to the *MDFA Motion*. Accordingly, the Bureau's *MDFA Motion* was granted by *MDFA Order* dated March 6, 2017.

The granting of the *MDFA Motion* by the March 6, 2017 *MDFA Order* was a determination that Respondents were in default in accordance with the GRAPP at 1 Pa. Code § 35.37. That rule provides in pertinent part as follows:

**§ 35.37. Answers to orders to show cause.**

A person upon whom an order to show cause has been served...shall, if directed so to do, respond to the same by filing within the time specified in the order an answer in writing....A respondent failing to file an answer within the time allowed shall be deemed in default, and relevant facts stated in the order to show cause may be deemed admitted.

Under 1 Pa. Code § 35.37, given the grant of the Bureau's *MDFA Motion*, the factual allegations in the *OTSC* were deemed admitted, and the facts deemed admitted constitute the basis for the findings of fact in this matter. *See, for example, Zimmerman v. Foster*, 618 A.2d 1105 (Cmwlth Ct. 1992).<sup>6</sup> Therefore, it is now proper to enter a final order in this disciplinary

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<sup>5</sup>The *MDFA Motion* sent to Respondent Barnyak and Respondent Stonehouse were returned to the Bureau on February 1, 2017, as "Unclaimed." (Department Records)

<sup>6</sup>*See also* an unreported opinion of the Commonwealth Court on the subject: *Szerencsits v. Bureau of Professional and Occupational Affairs, Board of Accountancy* (Pa. Cmwlth., No. 1210, C.D. 2013, filed on April 4, 2014).

proceeding without a hearing. *See Celane v. Insurance Commissioner*, 415 A.2d 130 (Pa. Cmwlth. 1980).

### **Violations**

This matter is before the Commission under sections 301(c), 304(a) and (c), 305(a)(ix) and 404(a)(2) of the 1972 Act, 70 P.S. §§ 1-301(c), 1-304(c), 1-305(a)(ix), and 1-404(a)(2), and under its regulations at 10 Pa. Code §§ 303.012(d), 303.014(b), 304.012(a), 305.019(a). Those sections provide in pertinent part as follows:

#### **Section 301. Registration requirement**

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- (c) It is unlawful for any person to transact business in this State as an investment adviser unless he is so registered or registered as a broker-dealer under this act or unless he is exempted from registration. It is unlawful for any person to transact business in this State as an investment adviser representative unless he is so registered or exempted from registration.

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70 P.S. § 1-301(c).

#### **Section 304. Post-registration provisions**

- (a) Every registered broker-dealer and investment adviser shall make and keep all accounts, correspondence, memoranda, papers, books and other records which the department by regulation prescribes, except as provided by section 15 of the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. § 78o) in the case of a broker-dealer and section 222 of the Investment Advisers Act of 1940 (54 Stat. 847, 15 U.S.C. § 80b-18a) in the case of an investment adviser. All records so required with respect to an investment adviser shall be preserved for such period as the department prescribes by regulation. Subject to the limitations of section 15 of the Securities Exchange Act of 1934 in the case of a broker-dealer and section 222 of the Investment Advisers Act of 1940 in the case of an investment adviser, all records required shall be preserved for three years unless the department by regulation prescribes otherwise for particular types of records, and all required records shall be kept within this State or shall, at the request of the department, be made available at any time for examination by it either in the principal office of the registrant or by production of exact copies thereof in this State.

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- (c) If the information contained in any document filed with the department is or becomes inaccurate or incomplete in any material respect, the registrant or federally covered adviser shall promptly file a correcting amendment if the document is filed with respect to a registrant or when such amendment is required to be filed with the Securities and Exchange Commission if the document is filed with respect to a federally covered adviser.

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70 P.S. § 1-304(c).

**Section 305. Denial, suspension, revocation and conditioning of registration**

- (a) The department may, by order, deny, suspend, revoke or condition any registration or may censure any registrant if it finds that such order is in the public interest and that such registrant or applicant, or in the case of any broker-dealer or investment adviser, any affiliate thereof, whether prior or subsequent to becoming associated with such person:

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- (ix) Has engaged in dishonest or unethical practices in the securities business or has taken unfair advantage of a customer within the previous ten years; or

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70 P.S. § 1-305(a)(ix).

**Section 404. Prohibited advisory activities**

- (a) It is unlawful for any person who receives, directly or indirectly, any consideration from another person for advising the other person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise, in this State:

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- (2) To engage in any transaction, act, practice, or course of business which operates as a fraud or deceit upon any other person.

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70 P.S. § 1-404(a)(2).

**§ 303.012. Investment adviser registration procedure.**

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- (d) An investment adviser registered under the act shall take steps necessary to ensure that material information contained in its Form ADV and exhibits remains current and accurate. If a material statement made in Form ADV and exhibits becomes incorrect or inaccurate the investment adviser shall

file with the Commission an amendment on Form ADV within 30 days of the occurrence of the event which requires the filing of the amendment.

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10 Pa. Code § 303.012(d).

**§ 303.014. Investment adviser representative registration procedures.**

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- (b) An investment adviser representative and an investment adviser or Federally-covered adviser shall take necessary steps to ensure that material information contained in Form U-4 remains current and accurate. If a material statement made in the Form U-4 becomes incorrect or incomplete, the investment adviser representative and the investment adviser or Federally-covered adviser shall file with the Commission an amendment to Form U-4 within 30 days of the occurrence of the event which requires the filing of the amendment.

10 Pa. Code § 304.014(b).

**§ 304.012. Investment adviser required records.**

- (a) Except as provided in subsection (j), every investment adviser registered under the act shall make and keep true, accurate and current the following books, ledgers and records:
- (1) A journal or journals, including cash receipts and disbursements records, and any other records of original entry forming the basis of entries in any ledger.
  - (2) General and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income and expense accounts.
  - (3) A memorandum of each order given by the investment adviser for the purchase or sale of any security, of any instruction received by the investment adviser from the client concerning the purchase, sale, receipt or delivery of a particular security, and of any modification or cancellation of any such order or instruction. The memoranda shall show the terms and conditions of the order, instruction, modification or cancellation; shall identify the person connected with the investment adviser who recommended the transaction to the client and the person who placed the order; and shall show the account for which entered, the date of entry, and the bank, broker-dealer by or through whom executed where appropriate. Orders entered pursuant to the exercise of discretionary power shall be so designated.

- (4) All check books, bank statements, canceled checks and cash reconciliations of the investment adviser.
- (5) All bills or statements (or copies of), paid or unpaid, relating to the investment adviser's business as an investment adviser.
- (6) All trial balances, financial statements, net worth computation, and internal audit working papers relating to the investment adviser's business as an investment adviser. For purposes of this subsection, "financial statements" shall mean a balance sheet prepared in accordance with generally accepted accounting principles, an income statement and a cash flow statement. The net worth computation means the net worth required by § 303.042 (relating to investment adviser capital requirements), if any.
- (7) Originals of all written communications received and copies of all written communications sent by the investment adviser relating to one or more of the following:
  - (i) Any recommendation made or proposed to be made and any advice given or proposed to be given.
  - (ii) Any receipt, disbursement or delivery of funds or securities.
  - (iii) The placing or execution of any order to purchase or sell any security, except that an investment adviser:
    - (A) Is not required to keep any unsolicited market letters and other similar communications of general public distribution not prepared by or for the investment adviser.
    - (B) With respect to any notice, circular or other advertisement offering any report, analysis, publication or other investment advisory service sent by the investment adviser to more than 10 persons (including transmission by electronic means), the investment adviser is not required to keep a record of the names and addresses of the persons to whom it was sent except, that if the notice, circular or advertisement is distributed to persons named on any list, the investment adviser shall retain with the copy of the notice, circular or advertisement a memorandum describing the list and its source.
- (8) A list or other record of all accounts which list identifies the accounts in which the investment adviser is vested with any discretionary

power with respect to the funds, securities or transactions of any client.

- (9) A copy of all powers of attorney and other evidences of the granting of any discretionary authority by any client to the investment adviser.
- (10) A copy in writing of each agreement entered into by the investment adviser with any client, and all other written agreements otherwise relating to the investment adviser's business as an investment adviser.
- (11) A file containing a copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication including by electronic media that the investment adviser circulates or distributes, directly or indirectly, to two or more persons (other than persons connected with the investment adviser), and if the notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication including by electronic media recommends the purchase or sale of a specific security and does not state the reasons for the recommendation, a memorandum of the investment adviser indicating the reasons for the recommendation.
- (12) Records of transactions as follows:
  - (i) A record of every transaction in a security in which the investment adviser or investment adviser representative of the investment adviser has, or by reason of any transaction acquires, any direct or indirect beneficial ownership except:
    - (A) Transactions effected in any account over which neither the investment adviser nor any investment adviser representative of the investment adviser has any direct or indirect influence or control.
    - (B) Transactions in securities which are direct obligations of the United States. The record shall state:
      - (I) The title and amount of the security involved; the date and nature of the transaction (that is, purchase, sale or other acquisition or disposition).
      - (II) The price at which it was effected.
      - (III) The name of the broker-dealer or bank with or through whom the transaction was effected.

- (ii) The record may also contain a statement declaring that the reporting or recording of any transaction will not be construed as an admission that the investment adviser or investment adviser representative has any direct or indirect beneficial ownership in the security.
  - (iii) A transaction shall be recorded not later than 10 days after the end of the calendar quarter in which the transaction was effected.
  - (iv) For purposes of this paragraph, the following terms have the following meanings:
    - (A) *Investment adviser representative*—A partner, officer or director of the investment adviser; any employe who participates in any way in the determination of which recommendations shall be made; any employe of the investment adviser who, in connection with assigned duties, obtains any information concerning which securities are being recommended prior to the effective dissemination of the recommendations; and any of the following persons who obtain information concerning securities recommendations being made by the investment adviser prior to the effective dissemination of the recommendations:
      - (I) Any person in a control relationship to the investment adviser.
      - (II) Any affiliated person of a controlling person.
      - (III) Any affiliated person of an affiliated person.
    - (B) *Control*—The power to exercise a controlling influence over the management or policies of a company, unless the power is solely the result of an official position with the company. A person who owns beneficially, either directly or through one or more controlled companies, more than 25% of the voting securities of a company shall be presumed to control the company.
  - (v) An investment adviser shall implement adequate procedures and use reasonable diligence to obtain promptly reports of all transactions required to be recorded.
- (13) Records of transactions by investment advisers primarily engaged in a business other than advising clients as follows:

- (i) Notwithstanding paragraph (12), when the investment adviser is primarily engaged in a business or businesses other than advising investment advisory clients, a record shall be maintained of every transaction in a security in which the investment adviser or any investment adviser representative of the investment adviser has, or by reason of any transaction acquires, any direct or indirect beneficial ownership, except transactions:
  - (A) Effected in any account over which neither the investment adviser nor any investment adviser representative of the investment adviser has any direct or indirect influence or control.
  - (B) In securities which are direct obligations of the United States. The record shall state:
    - (I) The title and amount of the security involved.
    - (II) The date and nature of the transaction (that is, purchase, sale, or other acquisition or disposition).
    - (III) The price at which it was effected, and the name of the broker-dealer or bank with or through whom the transaction was effected.
- (ii) The record may also contain a statement declaring that the reporting or recording of any transaction will not be construed as an admission that the investment adviser or investment adviser representative has any direct or indirect beneficial ownership in the security.
- (iii) A transaction shall be recorded not later than 10 days after the end of the calendar quarter in which the transaction was effected.
- (iv) An investment adviser is "primarily engaged in a business or businesses other than advising investment advisory clients" when, for each of its most recent 3 fiscal years or for the period of time since organization, whichever is lesser, the investment adviser derived, on an unconsolidated basis, more than 50% of the following:
  - (A) Its total sales and revenues.

(B) Its income (or loss) before income taxes and extraordinary items, from other business or businesses.

(v) For purposes of this paragraph, the following terms have the following meanings:

(A) *Investment adviser representative*—When used in connection with a company primarily engaged in a business or businesses other than advising investment advisory clients, the term means any partner, officer, director or employe of the investment adviser who participates in any way in the determination of which recommendations shall be made; any employe who, in connection with assigned duties, obtains information concerning which securities are being recommended prior to the effective dissemination of the recommendations; and any of the following persons who obtain information concerning securities recommendations being made by the investment adviser prior to the effective dissemination of the recommendations as follows:

(I) Any person in a control relationship to the investment adviser.

(II) Any affiliated person of a controlling person.

(III) Any affiliated person of an affiliated person.

(B) *Control*—The power to exercise a controlling influence over the management or policies of a company, unless the power is solely the result of an official position with the company. A person who owns beneficially, either directly or through one or more controlled companies, more than 25% of the voting securities of a company shall be presumed to control the company.

(vi) An investment adviser shall implement adequate procedures and use reasonable diligence to promptly obtain reports of all transactions required to be recorded.

(14) A copy of each written statement and each amendment or revision, given or sent to any client or prospective client of the investment adviser under § 404.011 (relating to investment adviser brochure disclosure), and a record of the dates that each written statement, and each amendment or revision, was given, or offered to be given,

to any client or prospective client who subsequently becomes a client.

- (15) For each client that was obtained by the adviser by means of a solicitor to whom a cash fee was paid by the adviser shall maintain the following:
- (i) Evidence of a written agreement to which the adviser is a party related to the payment of the fee.
  - (ii) A signed and dated acknowledgment of receipt from the client evidencing the client's receipt of the investment adviser's disclosure statement and a written disclosure statement of the solicitor.
  - (iii) A copy of the solicitor's written disclosure statement if required by § 404.012 (relating to cash payment for client solicitation).
  - (iv) For purposes of this paragraph, the term "solicitor" means any person or entity who, for compensation, directly or indirectly solicits any client for, or refers any client to, an investment adviser.
- (16) All accounts, books, internal working papers, and any other records or documents that are necessary to form the basis for, or demonstrate the calculation of, the performance or rate of return of all managed accounts or securities recommendations in any notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication, including but not limited to, electronic media that the investment adviser circulates or distributes, directly or indirectly, to two or more persons (other than persons connected with the investment adviser) except that, with respect to the performance of managed accounts, the retention of all account statements, if they reflect all debits, credits, and other transactions in a client's account for the period of the statement, and all worksheets necessary to demonstrate the calculation of the performance or rate of return of all managed accounts shall be deemed to satisfy the requirements of this paragraph.
- (17) A file containing a copy of all written communications received or sent regarding any litigation involving the investment adviser or any investment adviser representative or employe, and regarding any written customer or client complaint.



- (18) Written information about each investment advisory client that is the basis for making any recommendation or providing any investment advice to the client.
- (19) Written procedures to supervise the activities of employees and investment adviser representatives that are reasonably designed to achieve compliance with applicable securities laws and regulations.
- (20) A file containing a copy of each document (other than any notices of general dissemination) that was filed with or received from any state or Federal agency or self-regulatory organization and that pertains to the registrant or its investment adviser representatives as that term is defined in paragraph (12), which file should contain, but is not limited to, all applications, amendments, renewal filings and correspondence.

10 Pa. Code § 304.012(a).

**§ 305.019. Dishonest and unethical practices.**

- (a) Every person registered under section 301 of the act (70 P. S. § 1-301) is a fiduciary and has a duty to act primarily for the benefit of its customers. Further, these persons shall observe high standards of commercial honor and just and equitable principals of trade in the conduct of their business.

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10 Pa. Code § 305.019(a).

**§ 404.011. Investment adviser brochure disclosure.**

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- (e) An investment adviser shall, at least once a year, without charge, deliver or offer in writing to deliver to each of its clients the current brochure and any current brochure supplements required by subsection (b). If a client accepts a written offer, the investment adviser shall send to that client the current brochure and supplements within 7 days after the investment adviser is notified of the acceptance.

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10 Pa. Code § 404.011(e).

In support of the factual allegations in the five-count<sup>7</sup> *OTSC* that were deemed admitted, the Bureau also attached a follow-up letter, dated October 17, 2016, which was sent to the Respondents by the Department, giving Respondents another opportunity to address the findings of the examination as outlined in the August 23, 2016 deficiency letter. The Department also warned Respondents should they not respond by October 31, 2016 to the findings, correct the deficiencies and provide to the Bureau proof of Respondents' compliance with the 1972 Act and the corresponding regulations that an *OTSC* would be filed, and request sanctions, including a revocation and bar Respondent from the securities and investment advisory industry and seek an administrative assessment along with costs of investigation. Due to Respondents' lack of responding to the Department's deficiency letter and the follow-up letter in October 2016, the Bureau ultimately filed an *OTSC* against Respondents on November 3, 2016.

**Count One of the *OTSC*: Form ADV – lack of current and accurate information**

In Count One of the *OTSC*, the Bureau charged that Respondents violated section 304(c) of the 1972 Act, 70 P.S. § 1-304(d) and regulation 303.012(d), 10 Pa. Code § 303.012(d), which require that an investment adviser and an investment adviser representative take necessary steps to ensure that material information contained in its ADV Form remains current and accurate.

Based on the facts deemed admitted and based on the examination conducted by Staff of Respondents' business office on August 4, 2016, Respondents ADV Form, Parts 1 and 2, dated 2013, had not been updated with certain material changes, including, but not limited to, the following: Part 1A, Item 5E stating Respondent Stonehouse was compensated by a percentage of the assets under management and fixed fees, when in fact, Respondent Stonehouse did not charge

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<sup>7</sup>The counts are unnumbered in the *OTSC*. For the purposes of this proposed report, each count is referred to as Count One, Count Two, Count Three, Count Four and Count Five in the order that each count appears in the pleading. (*OTSC* at ¶¶ 24-37)

fixed fees; Part1A, Item 5F and 2A, Item 4, Respondents represented that it had \$15,000,000.00 of non-discretionary assets under management, when at the time of the August 4, 2016 examination, Respondents' current assets under management for Respondent Stonehouse were \$3,349,436.37; Respondent Stonehouse's ADV Form and brochure stated that client assets were managed on a non-discretionary basis, but Respondents could not provide Staff during the examination with proof of any client trade approvals for trades; and Respondent Barnyak told Staff during the Examination that he has not provided continuous and regular investment supervisory services and investment advice to his clients (but for one out-of-state client), during the last 12 to 19 months and has not informed his clients that he is not performing these services.

Therefore, based on the inaccurate and outdated information found on Respondents' ADV Form during the August 4, 2016 examination, the Bureau has established by a preponderance of the evidence<sup>8</sup> that Respondents are in violation of section 304(c) of the 1972 Act, 70 P.S. § 1-304(d) and regulation 303.012(d), 10 Pa. Code § 303.012(d), as charged in Count One of the *OTSC*. Accordingly, Count One of the *OTSC* is sustained.

**Count Two of the *OTSC*: U-4 Form -- lack of current and accurate information**

In Count Two of the *OTSC*, the Bureau charged that Respondents violated section 304(c) of the 1972 Act, 70 P.S. § 1-304(d) and regulation 303.014(b), 10 Pa. Code § 303.014(b), which requires that an investment adviser and an investment adviser representative take necessary steps to ensure that material information contained on a Form U-4 remains current and accurate.

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<sup>8</sup>The degree of proof required to establish a case before an administrative tribunal in an action of this nature is a preponderance of the evidence. *Lansberry v. Pennsylvania Public Utility Commission*, 578 A.2d 600, 602 (Pa. Cmwlth. 1990). A preponderance of the evidence is generally understood to mean that the evidence demonstrates a fact is more likely to be true than not to be true, or if the burden were viewed as a balance scale, the evidence in support of the Commonwealth's case must weigh slightly more than the opposing evidence. *Se-Ling Hosiery, Inc. v. Margulies*, 70 A.2d 854, 856 (Pa. 1949). The Commonwealth therefore has the burden of proving the charges against Respondent with evidence that is substantial and legally credible, not by mere "suspicion" or by only a "scintilla" of evidence. *Lansberry*, 578 A.2d at 602.

Based on the facts deemed admitted and based on the August 4, 2016 examination of Respondents' business office, Staff determined that Respondent Barnyak's Form U-4 was inaccurate, including, but not limited to, the following: U-4 at Item 1, the investment advisor name is listed as "Financial Advisors, Inc.," when in fact the investment advisor's name is "Stonehouse Asset Management, Inc.;" U-4 at Item 1, the address of the business location is identified as "312 Boulevard of the Allies, Pittsburgh, PA 15222" when in fact the Respondent Stonehouse's current business address is "500 East Beau Street, Washington, PA 15301;" U-4 at Item 3 represents that Respondent Barnyak maintains a registration with a broker-dealer, when in fact, on August 4, 2016, Respondent Barnyak was not registered with any broker-dealer; and U-4 at Item 12, it is represented that Respondent Barnyak is employed with "Hefron-Tillotson, Inc." and "Financial Advisors, Inc.," when in fact Respondent Barnyak's only employment and affiliation in the securities business is with Respondent Stonehouse.

Therefore, based on the multiple deficiencies found on Respondent Barnyak's U-4 Form during the August 4, 2016 examination, the Bureau has proven by a preponderance of the evidence that Respondents failed to maintain current and accurate information on a Form U-4, in violation of section 304(c) of the 192 Act, 70 P.S. § 1-304(c), and regulation 303.014(b), 10 Pa. Code § 303.014(b), as charged in Count Two of the *OTSC*. Accordingly, Count Two of the *OTSC* is sustained.

**Count Three of the *OTSC*: Books and Records – several deficiencies**

The Bureau charged in Count Three of the *OTSC* that Respondent Stonehouse violated section § 304(a) of the 1972 Act, 70 P.S. § 1-304(c) and regulation 304.012(a), 10 Pa. Code § 304.012(a), which requires that an investment advisor make and keep true, accurate and current all accounts, correspondence, memoranda, papers, books, ledgers, and records.

Based on the facts deemed admitted and based on the examination conducted of Respondents' business office on August 4, 2016, Staff determined that Respondents failed to keep true, accurate and current books, ledgers and records, including, but not limited to, the following deficiencies: failure to maintain and/or provide Staff any required cash receipts and disbursement records; failure to maintain and/or provide Staff any required ledgers relating to advisory services; failure to maintain and/or provide Staff any books and records related to instances wherein non-discretionary clients provided oral authorization to the firm in placing an order for the purchase or sale of securities for their accounts; failure to maintain and/or provide check books, bank statements, canceled checks and cash reconciliations of Respondent Stonehouse; failure to maintain and/or provide Staff, bills or statements (or copies of), paid or unpaid, relating to Respondent Stonehouse's business as an investment adviser; failure to maintain and/or provide to Staff trial balances, financial statements, net worth computations, and internal audit working papers relating to Respondent Stonehouse's business as an investment adviser; failure to provide any tax returns for Respondent Stonehouse; failure to maintain and/or provide Staff written information about each investment advisory client that is the basis for making any recommendation or providing any investment advice to the client.

Therefore, based on the multiple deficiencies as listed above of Respondents' failure to provide Staff with true, accurate and current accounts, correspondence, memoranda, papers, books, ledgers and records, the Bureau has proven by a preponderance of the evidence that Respondents are in violation of section § 304(a) of the 1972 Act, 70 P.S. § 1-304(c) and regulation 304.012(a), 10 Pa. Code § 304.012(a), as charged in Count three of the *OTSC*. Accordingly, Count Three of the *OTSC* is sustained.

#### **Count Four of the *OTSC* – Dishonest or Unethical Practices**

The Bureau charged in Count Four of the *OTSC* that Respondents violated section 305(a)(ix) of the 1972 Act, 70 P.S. § 1-305(a)(ix) and regulation 305.019(a), 10 Pa. Code § 305.019(a), by committing dishonest or unethical business practices and by failing to observe high standards of commercial honor and just and equitable principles of trade in the conduct of its business. Such charge is based on all the facts deemed admitted, and include, but are not limited to, the following: Respondent Barnyak told Staff that Respondents have not been actively managing client accounts and/or providing investment advice to clients (who are Pennsylvania residents) for the last year to year and a half (with the exception of one out-of-state client) despite the fact that Respondents maintain investment advisory contracts with such clients which states such services will be performed; Respondent Barnyak admitted to Staff that Respondents have failed to notify such clients that their accounts have not been actively managed despite the terms of the investment advisory contracts; and Respondent Stonehouse's Form ADV, Item 5, F(1), states that the firm "provides continuous and regular investment supervisory or management services to securities portfolios," which Respondent Barnyak has failed to do.

Based on the facts deemed admitted, including those specified above, the Bureau has proven by a preponderance of the evidence that Respondents' actions, omissions, or representations in their totality establish that Respondents have failed to uphold their fiduciary duties, failed to maintain honest or ethical business practices and have failed to observe high standards of commercial honor and just and equitable principles of trade in the conduct of its business, in violation of section 305(a)(ix) of the 1972 Act, 70 P.S. § 1-305(a)(ix) and regulation 305.019(a), 10 Pa. Code § 305.019(a). Accordingly, Count Four of the *OTSC* is sustained.

### **Count Five of the *OTSC* – Fraud or Deceit**

In Count Five of the *OTSC*, the Bureau charged that Respondents violated section 404(a)(2) of the 1972 Act, 70 P.S. § 1-404(a)(2) and regulation 404.011(e), 10 Pa. Code § 404.011(e), by engaging in an act, practice or course of business which operates as a fraud for an investment adviser registered under the act, including, but not limited to: Respondents failing to advise their clients that their securities portfolios and assets were not being managed on a continuous and regular basis despite the terms of their investment advisory contracts with Respondents and the terms specified on Respondent Stonehouse’s Form ADV; Respondents failing to, at least once a year, without charge, deliver or offer in writing to deliver to each of its clients the current brochure and any current brochure supplements; and Respondents engaging in a course of conduct, based on the totality of the facts deemed admitted, that establish that Respondents committed fraudulent, deceptive or manipulative acts in their business practices and courses. Therefore, based on these facts, the Bureau has proven by a preponderance of the evidence that Respondents violated section 404(a)(2) of the 1972 Act, 70 P.S. § 1-404(a)(2) and regulation 404.011(e), 10 Pa. Code § 404.011(e). Accordingly, Count Five of the *OTSC* is sustained.

### **Wilful violation of 1972 Act**

The facts deemed admitted, which support the charges in Counts One through Five of the *OTSC*, including Respondent Banyak’s admissions to Staff during the August 4, 2016 examination, also establish that Respondents’ conduct was *wilful*, as defined under section 102(w)(1) of the 1972 Act, as follows:

#### **Section 102. Definitions**

When used in this act, the following definitions shall be applicable, unless the context otherwise requires:

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(w) "Wilful and wilfully" mean the following:

- (1) As used in all sections of the act except section 511 with respect to a wilful violation of section 401(a) of the act, and notwithstanding any law or statute to the contrary, wilful means that the person acted intentionally in the sense that the person intended to do the act and was aware of what the person was doing. Proof of evil motive or intent to violate the act or knowledge that the person's conduct violated the act is not required.

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70 P.S. § 1-201(w)(1).

### Sanctions

As the Bureau has proven all five counts in its *OTSC*, the only issue remaining are the sanctions to be imposed. The 1972 Act authorizes a range of sanctions to be imposed when the Commission determines that a person has violated or willfully violated the 1972 Act.

Under section 305(a) of the 1972 Act, 70 P.S. 1-305(a), the Commission has the authority to suspend, revoke or censure Respondents for a violation of section 305(a)(ix) of the 1972 Act, 70 P.S. 1-305(a) and its corresponding regulation, due to their unethical and dishonest practices.

(See Count Four of the *OTSC*)

Additionally, under section 512(a) of the 1972 Act, 70 P.S. 1-512, when it has been determined that a person *wilfully* violated a provision of the 1972 Act or its regulations, the following also applies to bar a person from practicing their profession as an investment adviser or investment adviser representative:

### Section 512. Statutory bars

- (a) After giving notice and opportunity for a hearing, the department, where it has determined that a person *wilfully* violated this act or any rule or order thereunder or knowingly aided in the act or transaction constituting such violation, may issue an order accompanied by written findings of fact and conclusions of law which bars, conditionally or unconditionally and either permanently or for such period of time as the department shall determine, such person from:



- (1) Representing an issuer offering or selling securities in this State;
- (2) Acting as 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;
- (3) Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under section 301 [of the 1972 Act];<sup>1</sup>
- (4) Being an affiliate of any person registered under section 301 [of the 1972 Act]; or
- (5) Relying upon an exemption from registration contained in section 202, 203 or 302 [of the 1972 Act].

70 P.S. § 1-512(a)(emphasis added).

Moreover, the Commission has the ability to impose on Respondents the costs of investigation under 602.1(b) of the 1972 Act and an administrative assessment for any *wilful* violations of the 1972 Act under section 602.1(c),<sup>9</sup> which provide in pertinent part as follows:

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<sup>9</sup>When determining the amount of the administrative assessment to be imposed, the following may also be considered by the Department and/or Commission:

Section 602.1. Assessments

- (2) For purposes of determining the amount of administrative assessment to be imposed in an order issued under this subsection, the department shall consider:
  - (i) The circumstances, nature, frequency, seriousness, magnitude, persistence and willfulness of the conduct constituting the violation.
  - (ii) The scope of the violation, including the number of persons in and out of this Commonwealth affected by the conduct constituting the violation.
  - (iii) The amount of restitution or compensation that the violator has made and the number of persons in this Commonwealth to whom the restitution or compensation has been made.
  - (iv) Past and concurrent conduct of the violator that has given rise to any sanctions or judgment imposed by, or pleas of guilty or nolo contendere or settlement with, the department or any securities administrator of any other state or other country, any court of competent jurisdiction, the Securities and Exchange Commission, the Commodity Futures Trading Commission, any other Federal or State agency or any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. § 78a et seq.).
  - (v) Any other factor that the department finds appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of this act.
- (3) An administrative assessment imposed by an order issued under this subsection is not mutually exclusive of any other remedy available under this act.

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70 P.S. § 1-602.1(c)(2), (3).

## Section 602.1. Assessments

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- (b) A registrant, applicant for registration, issuer or other person upon whom the department has conducted an examination, audit, investigation or prosecution and who has been determined by the department to have violated this act or rule or order of the department under this act shall pay for all the costs incurred in the conduct of such examination, audit, investigation or prosecution. These costs shall include, but not be limited to, the salaries and other compensation paid to clerical, accounting, administrative, investigative, examiner and legal personnel, the actual amount of expenses reasonably incurred by such personnel and the department in the conduct of such examination, audit, investigation or prosecution, including a pro rata portion of the department's administrative expenses.
- (c) After giving notice and opportunity for a hearing, the department may issue an order accompanied by written findings of fact and conclusions of law which imposes an administrative assessment in the amounts provided in paragraph (1) against a broker-dealer, agent, investment adviser or investment adviser representative registered under section 301 or an affiliate of any broker-dealer or investment adviser where the department determines that the person within the previous ten years *willfully has violated this act or a rule or order of the department under this act* or has engaged in dishonest or unethical practices in the securities business; has taken unfair advantage of a customer; or has failed reasonably to supervise its agents or employees or against any other person if the department determines that the person willfully violated section 301, 401, 404, 406 through 409 or 512(d) or a cease and desist order issued by the department under section 606(c.1).
- (1) The department, in issuing an order under this subsection, may impose the administrative assessments set forth below. Each act or omission that provides a basis for issuing an order under this subsection shall constitute a separate violation.
- (i) In issuing an order against any broker-dealer, agent, investment adviser or investment adviser representative registered under section 301 or an affiliate of any broker-dealer or investment adviser, the department may impose a maximum administrative assessment of up to one hundred thousand dollars (\$100,000) for each act or omission that constitutes a violation of the act or rule or order issued under this act or that constitutes a dishonest or unethical practice in the securities business, taking unfair advantage of a customer, or failure to reasonably supervise its agents or employees. If any

of the victims of the person's violative conduct were individuals aged 60 or more, the department also may impose a special administrative assessment in addition to the foregoing amounts of up to fifty thousand dollars (\$50,000).

(ii) In issuing an order against a person for wilful violation of section 401(a) or (c), 404, 406, 408, 409 or 512(d) or for wilful violation of a cease and desist order issued under section 606(c.1), the department may impose a maximum administrative assessment of up to one hundred thousand dollars (\$100,000) for each act or omission that constitutes a violation of any of those sections. In addition to the foregoing assessment, the department also may impose a special administrative assessment of up to fifty thousand dollars (\$50,000) for each of the provisions described as follows that the department determines are applicable:

(A) The person, within seven years prior to the department taking action under this subsection, was the subject of: a criminal felony conviction; an injunction issued by any court of competent jurisdiction; or an order of the Securities and Exchange Commission, the Commodity Futures Trading Commission, the securities, banking or insurance regulator of another state, a Federal banking regulator or the securities, banking or insurance regulatory authority of another country which found that the person wilfully had violated any provision of the Federal or state securities, banking, insurance, or commodities laws or the securities, commodities, insurance or banking laws of another country.

(B) The person's violative conduct involved individuals aged 60 or more.

(C) The person's violative conduct involved use of the Internet or boiler room tactics which included, without limitation, use of any high-pressure sales tactics designed to create an artificially short time period for which the person being solicited is pressured to make an investment decision or overcome the person's reluctance to commit to the investment being offered, use of scripts designed to allay any objections or concerns expressed by the person being solicited or making repeated telephone calls or sending multiple e-mail messages to the same person pressuring the person to make an immediate investment decision.

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70 P.S. § 1-602.1(b), (c)(1)(in part)(emphasis added).

The Bureau requested in its *OTSC* that the Commission issue an Order: 1) suspending, revoking or censuring the registrations of Respondents under section 305(a) of the 1972 Act; 2) permanently barring Respondents from the business of securities as outlined in detail under section 512 of the 1972 Act; 3) requiring Respondents to pay the costs of investigation, as permitted under section 602.1(b) of the 1972 Act; 4) subjecting Respondents to pay an administrative assessment of up to \$100,000 for each act or omission constituting a willful violation of the 1972 Act, under section 602.1(c) of the 1972 Act; and 5) requiring Respondents to comply in the future with the 1972 Act and its regulations. In fashioning an appropriate sanction or sanctions against Respondents, the Commission may generally consider the number and seriousness of the violations and any mitigating or aggravating evidence. Because Respondents did not request a hearing and failed to respond to the *OTSC* and the *MDFA Motion*, there is no mitigating evidence to consider in this matter. As a result, the undersigned hearing examiner, and ultimately the Commission, must assess sanctions based solely on the facts deemed admitted.

Respondents' violations range from paperwork deficiencies on the Form ADV and the Form U-4 that were easily correctable, related to proper address, proper affiliation, percentage of assets under management, how fees are charged, to more egregious conduct such as Respondents' failure to maintain true and accurate books, ledgers and records; failure to actively manage client accounts and/or provide investment advice to clients; failure to notify clients that their accounts were not actively managed despite investment advisory contract terms stating otherwise; and failure to provide clients with at least one time per year a brochure, without charge. The totality of the facts deemed admitted establish that Respondents conducted themselves with total disregard to their fiduciary duties and to observe high standards of commercial honor and to just and

equitable principles of trade in the conduct of their business. As a result, Respondents also acted dishonestly and in a fraudulent manner in the conduct of their profession.

Therefore, it is recommended that the registrations of Respondent Barnyak and Respondent Stonehouse be revoked. It is further recommended that Respondents be permanently and unconditionally barred from the practice of the securities business. In addition, the costs of investigation in this matter are warranted, as verifiable by the Bureau. Finally, an administrative assessment is also warranted for Respondents' wilful violations of the 1972 Act. However, the Commission is in a better position to determine the appropriate administrative assessment to be levied against Respondents, especially in light of the factors outlined under section 602.1(c)(2) of the 1972 Act, 70 P.S. § 1-602(c)(2)(i)-(v).

The above sanctions and recommendations address the serious nature of the violations in this matter, Respondents' failure to respond to the *OTSC* and *M DFA Motion* or provide any mitigating evidence, and the protection of the public from any future harm from Respondents.

Accordingly, based on the foregoing, the following Proposed Order shall issue:

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

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**COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND  
SECURITIES, BUREAU OF SECURITIES  
COMPLIANCE AND EXAMINATIONS**

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:  
: Docket No.: 160059 (SEC-OSC)

v.

**JOHN FRANK BARNYAK  
STONEHOUSE ASSET  
MANAGEMENT, INC.**

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**PROPOSED ORDER**

AND NOW, this 9<sup>th</sup> day of March, 2017, upon consideration of the foregoing findings of fact, conclusions of law, and discussion, it is hereby **ORDERED** that that the registration of Respondent John Frank Barnyak (CRD #3029889) and the registration of Respondent Stonehouse Asset Management, Inc. (CRD #132143), shall be **REVOKED** under section 305(a) of the 1972 Act with both Respondents **PERMANENTLY and UNCONDITIONALLY BARRED** under section 512 of the 1972 Act 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 **FURTHER ORDERED** that Respondent John Frank Barnyak and Respondent Stonehouse Asset Management, Inc., shall jointly and severally, pay an administrative assessment as deemed appropriate by the Commission, as authorized under section 602.1(c) of the 1972 Act, 70 P.S. § 1-602.1(c).

It is **FURTHER ORDERED** that Respondent John Frank Barnyak and Respondent Stonehouse Asset Management, Inc., shall jointly and severally, pay the costs of investigation conducted by Staff, in an amount verifiable by the Bureau, as authorized under section 602.1(b) of the 1972 Act, 70 P.S. § 1-602.1(b).

Payment of the administrative assessment and costs of investigation shall be by certified check, attorney's check, or U.S. Postal Service money order, made payable to the "Commonwealth of Pennsylvania," and shall be mailed within thirty (30) days of the effective date of the Commission's Final Order in this matter, to:

Leo Pandeladis, Counsel  
Banking and Securities Commission  
Market Square Plaza  
12 N. Second Street, Suite 1300  
Harrisburg, PA 17101

The Banking and Securities Commission has announced its intention to review this Proposed Report in accordance with 1 Pa. Code 35.226(a)(2).

**BY ORDER:**

Redacted

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**Maria Battista**  
**Hearing Examiner**

**For the Docket Clerk:**  
*(w/original)*

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

**For the Respondents:**

John Frank Barnyak  
Redacted

Stonehouse Asset Management, Inc.  
c/o John Frank Barnyak  
500 East Beau Street  
Washington, PA 15301

**For the Department/Bureau:**

Carolyn Mendelson, Esquire  
Assistant Counsel  
DEPARTMENT OF BANKING AND SECURITIES  
OFFICE OF THE CHIEF COUNSEL  
Market Square Plaza  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101

**Date of Mailing:**

March \_\_, 2017