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COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2013-AH-0198

DEPARTMENT OF FINANCIAL INSTITUTIONS	COMPLAINANT
vs.	
REMINGTON WEALTH MANAGEMENT, LLC and RICHARD SHU, individually	RESPONDENTS

AGREED ORDER

STATEMENT OF FACT:

1. The Kentucky Department of Financial Institutions, ("DFI") is responsible for administering the provisions of Kentucky Revised Statutes (KRS) Chapter 292, the Securities Act of Kentucky ("the Act"), as well as any applicable rules and regulations enacted thereunder.

2. Remington Wealth Management, LLC ("Remington") is a Kentucky registered investment advisor with a principal office located at 9900 Corporate Campus Drive, Suite 3000, Louisville, KY 40223.

3. Richard Shu ("Respondent") is the sole owner of Remington and an investment advisor representative of Remington, authorized to do business in Kentucky.

4. In 2006, the Respondent became a financial advisor and independent contractor with Linsco/Private Ledger Corp (LPL). On August 4, 2010 LPL terminated the Respondent for receiving monetary gifts from a customer, acting in a fiduciary capacity for an LPL customer, and engaging in unapproved outside business activities.

5. DFI opened an investigation into Respondent's activities and found:

A. Between 2007 and 2010 an investment advisor client of the Respondent gifted the Respondent and his immediate family cash and securities totaling approximately one million dollars ($1,000,000).

B. An additional "loan" of approximately three hundred thousand dollars $300,000 was made by the client to the Respondent's business during this period with no fixed terms of repayment to his client.

C. The Respondent was made beneficiary of the client's IRA.

D. The Respondent was made the Attorney-in-fact for the client's wife.

E. Respondent did not inform in writing his other clients of these facts or of any possible material conflicts that could result.

F. DFI conclusively found that these benefits were freely bestowed on the Respondent out of natural affection and were in no way the result of coercion or undue influence.

6. Pursuant to 808 KAR 10:450 Section 2: A person who is an investment adviser or an investment adviser representative shall be a fiduciary and shall have a duty to act primarily for the benefit of its clients. An investment adviser or investment adviser representative shall not engage, either directly or indirectly, in unethical or dishonest practices.

7. Pursuant to 808 KAR 10:450 Section 2: The following acts and practices shall be considered either a breach of fiduciary duty or a dishonest and unethical practice. Section 2(6): Borrowing money or securities from a client unless the client is a broker-dealer, an affiliate of the investment adviser, or a financial institution engaged in the business of loaning funds.

8. Pursuant to 808 KAR 10:450 Section 2 (11) it is a violation to fail to disclose to clients in writing before any advice is rendered any material conflict of interest relating to the adviser, or any of its employees.

9. Pursuant to KRS 292.500(14), the Commissioner may impose a fine of up to twenty thousand dollars ($20,000) for each violation of the Act.

10. Pursuant to KRS 292.337, the Commissioner may bar, censure, or place on probation any registrant, if he finds it is in the interest of public policy and the registrant (b): has violated or failed to comply with this chapter or any administrative regulation promulgated or order issued under this chapter or predecessor at law.

11. The Commissioner finds that this Agreed Order is in the public interest.

CONCLUSION

1. Remington and the respondent violated 808 KAR 10:450 Section 2, in that it is a breach of fiduciary duty and ethical responsibilities to accept: money, shares of stock, loans, and a position as a future heir from a client while representing that client in a fiduciary capacity as either an investment advisor or investment advisor representative. Additionally, this section was violated by failing to disclose the existence of these gifts in writing to the Respondent's other clients.

AGREEMENT AND ORDER

The DFI, respondent, and Remington in the interest of economically and efficiently resolving violations described above, agree, and it is hereby ORDERED, as follows:

1. Respondent agrees to a fine assessment in the amount of twenty thousand dollars ($20,000).

2. This fine shall be made payable in four (4) monthly installments of five thousand dollars ($5,000), beginning with the first installment, which shall be due when the respondent signs the Agreed Order and returns it to DFI. All four installments shall be made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Walker C. Cunningham III, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601.

3. The second installment payment of five thousand dollars ($5,000) will be due on October 23, 2013.

4. The third installment payment of five thousand dollars ($5,000) will be due on November 23, 2013.

5. The fourth installment payment of five thousand dollars ($5,000) will be due on December 23, 2013.

6. Respondent and Remington will be placed on probation for two years from the issue date of this signed order. Probation will not affect the ability to offer investment advice, take on new clients, or otherwise conduct business, but business will be conducted under a heightened scrutiny by the DFI. During such time, licensing will be subject to revocation in the event that there are additional violations of KRS 292 and its applicable administrative regulations.

7. Respondent and Remington waive their right to demand a hearing at which they would be entitled to legal representation, to confront and cross examine witnesses, and to present evidence on their own behalf, or to otherwise appeal or set aside this Agreed Order.

8. Respondent and Remington consent to and acknowledge the jurisdiction of the DFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

9. In consideration of execution of this Agreed Order, Respondent and Remington, for themselves, and for their successors and assigns, hereby release and forever discharges the Commonwealth of Kentucky, the DFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that Respondent or Remington ever had, now have, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration.

10. By signing below, the parties acknowledge they have read the foregoing Agreed Order, know and fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties. This Agreed Order shall constitute the final resolution of this matter.

AGREED on this the 31st day of ~~September~~ OCTOBER, 2013.

CHARLES A. VICE
COMMISSIONER

Consented to:

This 31 day of OCTOBER, 2013.

Shonita Bossier, Director
Division of Securities
Department of Financial Institutions

AND

This 23rd day of September, 2013.

Richard Shu
Individually

And

This 23rd day of September, 2013.

Richard Shu Owner Remington ~~Wealth Management~~, LLC

ACKNOWLEDGEMENT

STATE OF Kentucky)
COUNTY OF Jefferson)

On this the 23rd day of September, 2013, before me R. Eric Green, the undersigned, Richard Shu, did personally appear and acknowledge his identity and acknowledge himself to be the Owner of Remington Wealth Management, LLC., and that he being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

Notary Public, State at Large, KY

My Commission Expires: My commission expires Aug. 9, 2016

Richard Eric Green
Notary Public

Certificate of Service

I hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 4th day of November, 2013, by certified mail, return receipt requested, to the following:

Richard Shu
205 Gibson Rd
Louisville, KY 40207

Walker C. Cunningham III
Counsel
Department of Financial Institutions
1025 Capital Center Drive
Suite 200
Frankfort, Kentucky 40601
502-573-3390 ext. 240 (phone)

Counsel for Complainant