
IN THE MATTER OF:

**QUARVE ASSOCIATES, LLC
CRD NO. 112160**

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CONSENT ORDER

NO. CO-19-8470-S

I. PRELIMINARY STATEMENT

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with the administration of Chapter 672a of the General Statutes of Connecticut, the Connecticut Uniform Securities Act (“Act”) and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies (“Regulations”) promulgated under the Act;

WHEREAS, Quarve Associates, LLC (“Quarve”), located at One Atlantic Street, Stamford, Connecticut 06901, has been registered as an investment adviser under the Act from July 3, 2012 to the present;

WHEREAS, on July 19, 20 and 23, 2018, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking (“Department”), conducted an examination of Quarve’s books and records pursuant to Section 36b-14(d) of the Act and Section 36b-31-14f of the Regulations (“July 2018 Examination”). As a result of the July 2018 Examination, the Division thereafter conducted an investigation pursuant to Section 36b-26(a) of the Act into the activities of Quarve to determine if it has violated, was violating or was about to violate any provision of the Act or Regulations (“Investigation”);

WHEREAS, as a result of the July 2018 Examination and Investigation, the Commissioner has reason to believe that Quarve has engaged in conduct, as more fully described herein, that violated certain provisions of the Regulations and that would support administrative proceedings against Quarve under Section 36b-15 of the Act and Section 36b-27 of the 2018 Supplement;

WHEREAS, Section 36b-31-14d(a) of the Regulations provides, in relevant part, that:

Each registered investment adviser shall, within 90 days following the end of its fiscal or calendar year, file with the commissioner a report of its financial condition as of the end of its fiscal year. Such report shall be examined in accordance with generally accepted auditing standards and reported upon with an opinion expressed by an independent certified public accountant or independent public accountant if the investment adviser (1) has custody or possession of clients' funds or securities . . .

WHEREAS, Quarve has had custody of client funds and securities for at least one advisory client account since it became registered as an investment adviser under the Act;

WHEREAS, (1) in addition to the July 2018 Examination, the Division conducted examinations of Quarve in September 2012 and August 2015; (2) during each of these examinations, the Division discovered that Quarve failed to comply with Section 36b-31-14d(a) of the Regulations because it did not, within 90 days following the end of its prior fiscal or calendar year, file with the commissioner a report of its financial condition as of the end of its fiscal year that complied with the audit requirements in Section 36b-31-14d(a) of the Regulations; and (3) soon after each of these examinations, the Division put Quarve on notice that such report for the prior year was required to be completed. Consequently, Quarve had the audits of its financial condition performed for the prior year and the reports filed with the Commissioner;

WHEREAS, Section 36b-31(a) of the Act provides, in relevant part, that “[t]he commissioner may from time to time make . . . such . . . orders as are necessary to carry out the provisions of sections 36b-2 to 36b-34, inclusive”;

WHEREAS, Section 36b-31(b) of the Act provides, in relevant part, that “[n]o . . . order may be made . . . unless the commissioner finds that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of sections 36b-2 to 36b-34, inclusive”;

WHEREAS, an administrative proceeding initiated under Section 36b-15 of the Act and Section 36b-27 of the 2018 Supplement would constitute a “contested case” within the meaning of Section 4-166(4) of the General Statutes of Connecticut;

WHEREAS, Section 4-177(c) of the General Statutes of Connecticut and Section 36a-1-55(a) of the Regulations provide that a contested case may be resolved by consent order, unless precluded by law;

WHEREAS, without holding a hearing and without trial or adjudication of any issue of fact or law, and prior to the initiation of any formal proceeding, the Commissioner and Quarve reached an agreement, the terms of which are reflected in this Consent Order, in full and final resolution of the matters described herein;

WHEREAS, Quarve expressly consents to the Commissioner’s jurisdiction under the Act and to the terms of this Consent Order;

WHEREAS, Quarve, through its execution of this Consent Order, specifically assures the Commissioner that the violations alleged in this Consent Order shall not occur in the future;

AND WHEREAS, the issuance of this Consent Order is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act.

II. CONSENT TO WAIVER OF PROCEDURAL RIGHTS

WHEREAS, Quarve, through its execution of this Consent Order, voluntarily waives the following rights:

1. To be afforded notice and an opportunity for a hearing within the meaning of Section 36b-15 of the Act, Section 36b-27 of the 2018 Supplement and Section 4-177(a) of the General Statutes of Connecticut;
2. To present evidence and argument and to otherwise avail itself of Section 36b-15 of the Act, Section 36b-27 of the 2018 Supplement and Section 4-177c(a) of the General Statutes of Connecticut;
3. To present its position in a hearing in which it is represented by counsel;
4. To have a written record of the hearing made and a written decision issued by a hearing officer; and

5. To seek judicial review or otherwise challenge or contest the validity of this Consent Order.

III. ACKNOWLEDGEMENT OF THE COMMISSIONER'S ALLEGATION

WHEREAS, Quarve, through its execution of this Consent Order, acknowledges the following allegation of the Commissioner: Quarve violated Section 36b-31-14d(a) of the Regulations on more than one occasion by failing to timely file audited reports of its financial condition with the Commissioner.

WHEREAS, the Commissioner would have the authority to enter findings of fact and conclusions of law after granting Quarve an opportunity for a hearing;

AND WHEREAS, Quarve acknowledges the possible consequences of an administrative hearing and voluntarily agrees to the terms of this Consent Order as described below.

IV. CONSENT TO ENTRY OF SANCTIONS

WHEREAS, Quarve, through its execution of this Consent Order, consents to the Commissioner's entry of a Consent Order imposing the following sanctions:

1. Quarve, its representatives, agents, and employees shall cease and desist from engaging in conduct constituting or which would constitute a violation of the Act or any regulation, rule or order adopted or issued under the Act, either directly or through any person, organization or other device, including, without limitation, engaging in any activity in or from Connecticut that violates Section 36b-31-14d(a) of the Regulations; and
2. No later than the date this Consent Order is entered by the Commissioner, Quarve shall remit to the Department by cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut," the sum of seven thousand five hundred dollars (\$7,500), which shall constitute an administrative fine.

V. CONSENT ORDER

NOW THEREFORE, the Commissioner enters the following:

1. The Sanctions set forth above be and are hereby entered;
2. Entry of this Consent Order by the Commissioner is without prejudice to the right of the Commissioner to take enforcement action against Quarve and/or its affiliates and successors based upon a violation of this Consent Order or the matters underlying its entry, if the Commissioner determines that compliance with the terms herein is not being observed;
3. Nothing in this Consent Order shall be construed as limiting the Commissioner's ability to take enforcement action against Quarve and/or its affiliates and successors based upon evidence of

which the Division was unaware on the date hereof relating to a violation of the Act or any regulation or order under the Act;

4. Quarve shall not take any action or make or permit to be made any public statement, including in regulatory filings, any proceeding in any forum or otherwise, denying, directly or indirectly, any allegation referenced in this Consent Order or create the impression that this Consent Order is without factual basis;
5. Quarve shall not take any position in any proceeding brought by or on behalf of the Commissioner, or to which the Commissioner is a party, that is inconsistent with any part of this Consent Order. Nothing in this provision affects Quarve's testimonial obligations or right to take a legal or factual position in litigation or other legal proceeding in which the Commissioner is not a party; and
6. This Consent Order shall become final when entered.

So ordered at Hartford, Connecticut,
this 11th day of January 2019.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CONSENT TO ENTRY OF ORDER

I, Frank G. Welch, III, state on behalf of Quarve Associates, LLC, that I have read the foregoing Consent Order; that I know and fully understand its contents; that I am authorized to execute this Consent Order on behalf of Quarve Associates, LLC; that Quarve Associates, LLC agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that Quarve Associates, LLC consents to the entry of this Consent Order.

Quarve Associates, LLC

By: _____/s/_____
Frank G. Welch, III
Managing Member

State of: Connecticut

County of: Fairfield

On this the 10th day of January 2019, before me, the undersigned officer, personally appeared Frank G. Welch, III, who acknowledged himself to be the Managing Member of Quarve Associates, LLC, a limited liability company, and that he, as such Managing Member, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Managing Member.

In witness whereof I hereunto set my hand.

_____/s/_____
Notary Public_
Date Commission Expires: 10/31/22