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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-15-1751-15-CO01
Whether there has been a violation of the)
Securities Act of Washington by:) CONSENT ORDER
)
Melvin Dale Love, CRD #1915028, IARD)
#114092)
)
Respondent.)

8 THE STATE OF WASHINGTON TO: MELVIN DALE LOVE, CRD # 1915028, IARD# 114092

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INTRODUCTION

11 Pursuant to the Securities Act of Washington, Chapter 21.20 RCW, the Securities Administrator of
12 the Department of Financial Institutions Securities Division (“Securities Division”) and the Respondent,
13 Melvin Love, do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein.
14 Respondent agreed to notify each of his investment advisory clients of this Consent Order prior to the final
15 entry of this Consent Order. The Securities Division believes that entry of an agreed Consent Order is in the
16 public interest and is appropriate for the protection of investors. The Securities Division and Respondent
17 jointly set forth the following Findings of Fact and Conclusions of Law.

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FINDINGS OF FACT

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Respondent

20 1. Melvin Love is a sole proprietor registered with the Washington State Securities Division as
21 an investment adviser under the trade name Melvin Love Investment Advisor (Mr. Love’s sole
22 proprietorship registered investment adviser is hereinafter referred to as “Melvin Love Investment
23 Advisor”). He has been continually registered as a securities salesperson or an investment adviser
24 representative since 1988 and has been operating Melvin Love Investment Advisor since at least 1996.
25 Melvin Love Investment Advisor is located in Longview, Washington. Melvin Love’s Central Registration
Depository (“CRD”) number is 1915028. Melvin Love Investment Advisor’s Investment Adviser
Registration Depository (“IARD”) number is 114092 and its Securities Division file number is 30001240.

1 **Nature of the Conduct**

2 2. Respondent provides investment advice for compensation to Washington state clients. As a
3 part of that investment advice, Respondent recommends that his clients keep at least 50% of their portfolio
4 in cash, cash equivalents, precious metals, coins, or annuities at all times. These assets are intended to be
5 held in the same manner indefinitely. They are not traded or exchanged and are not continually or regularly
6 managed.

7 3. Respondent enters into an advisory contract with all his clients. Pursuant to the contract,
8 Respondent charges the client an annual management fee equal to a percentage of all the assets in the
9 client’s portfolio including the portion of the portfolio held in cash, cash equivalents, precious metals, coins,
10 or annuities. The fee varies based on the size of the portfolio starting at 2.4% per year for portfolios
11 \$100,000 and less. Portfolios of \$1 million are charged approximately 1.5% per year. If the management
12 fee was calculated based only on the assets in the portfolio that require continual and regular management,
13 the fee would be between approximately 3% to over 4.8% per year.

14 4. Investment advisers are prohibited from charging clients an unreasonable fee by WAC 460-
15 24A-220(10). Most investment advisers registered in Washington state charge their clients a management
16 fee of 2% or less per year depending on the value of the portfolio, the types of investments in the portfolio,
17 and the amount of continual and regular management the portfolio requires.

18 **CONCLUSIONS OF LAW**

19 1. Charging a management fee on portfolio assets that do not require continual and regular
20 management constitutes charging an unreasonable fee in violation of WAC 460-24A-220(10) and RCW
21 21.20.020(1). Such conduct constitutes grounds for revocation of an investment adviser registration under
22 RCW 21.20.110(1)(b).

23 2. Charging clients a management fee of 4.8% or over per year constitutes charging an unreasonable
24 fee in violation of WAC 460-24A-220(10) and RCW 21.20.020(1). Such conduct constitutes grounds for
25 revocation of an investment adviser registration under RCW 21.20.110(1)(b).

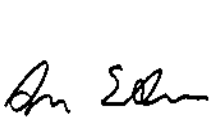
1 DATED AND ENTERED this 9th day of October, 2015.

2 By:

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4 _____
5 William M. Beatty
6 Securities Administrator

7 Approved by:

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9 _____
10 Suzanne E. Sarason
11 Chief of Enforcement

Presented by:



Kristen Standifer
Compliance Legal Examiner

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