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## *Texas State Securities Board*

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IN THE MATTER OF	§	
THE INVESTMENT ADVISER	§	<b>Order No. REG20-CAF-07</b>
REGISTRATION OF	§	
S.G. LONG & COMPANY	§	

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TO: Tessa Greene, CCO  
S.G. Long & Company (CRD No. 47511)  
283 West Front, Suite 302  
Missoula, MT 59802-4328

### **DISCIPLINARY ORDER**

Be it remembered that S.G. Long & Company ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and the Findings of Fact and the Conclusions of Law contained herein.

### FINDINGS OF FACT

1. Respondent has waived (a) Respondent's rights to notice and hearing in this matter; (b) Respondent's rights to appear and present evidence in this matter; (c) Respondent's rights to appeal this Order; and (d) all other procedural rights granted to the Respondent by the Securities Act, Tex. Rev. Civ. Stat. Ann. Arts. 581-1 to 581-45 ("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001 to 2001.902 ("Administrative Procedure Act").
2. Since at least January 1, 2000, Respondent has been registered with the Securities Commissioner as a dealer.
3. On July 1, 2020, Respondent applied for registration with the Securities Commissioner as an investment adviser. This registration is currently pending.

### *Unregistered Activity*

4. In June 2014, an individual (the "Agent") residing in Texas applied for and was approved as agent of Respondent with the Securities Commissioner. Shortly thereafter, the Agent opened customer accounts with Respondent's third-party clearing firm. This clearing firm would execute transactions placed by the Agent in Respondent's customer accounts.
5. Since Respondent and the Agent were only registered in Texas as a dealer and agent, the Agent was only duly licensed to place trades for customers in commission-based, brokerage accounts.
6. However, the Agent also opened fee-based, investment advisory accounts.
7. With respect to these investment advisory accounts, the Agent would serve as the primary customer relationship manager. But the third-party clearing firm would have discretionary authority for the day-to-day investment management of the assets in their control.
8. To this end, the Agent would: review and evaluate a customer's current portfolio; work with the customer to assess their goals, investment objectives, risk tolerance, and future financial requirements; and assist a customer in selecting an investment management plan that is tailored to the customer's needs. And both the Agent and Respondent would receive an annual investment management fee for this work.
9. From 2014 through at least July 2020, the Agent provided the aforementioned services to nine (9) customers of Respondent. And the Agent and Respondent received the annual investment management fee for each account.
10. Respondent has represented to the staff of the Registration Division of the Texas State Securities Board that Respondent knew that the Agent had opened investment advisory accounts for Respondent's customers but that Respondent had relied on advice from a prior Chief Compliance Officer that Respondent did not need to register as an investment adviser with the Securities Commissioner or register the Agent as an investment adviser representative.
11. At the time of his application for registration as an agent of Respondent with the Securities Commissioner, the Agent had passed the required competency examination for registration as an investment adviser representative and was previously registered as an investment adviser representative with his prior firm.

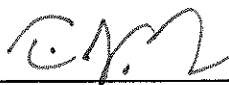
CONCLUSIONS OF LAW

1. From June 2014 through July 2020, Respondent acted as an "investment adviser" in Texas as the term is defined by Section 4.N and 4.P of the Texas Securities Act.
2. Accordingly, Respondent violated Section 12.B of the Texas Securities Act during this time by rendering services as an investment adviser in Texas when Respondent was not registered with the Securities Commissioner to provide investment advice.
3. Pursuant to Section 14.A(6) of the Texas Securities Act, Respondent's violations of Section 12.B of the Texas Securities Act constitutes a basis for the issuance of an order reprimanding Respondent.
4. Pursuant to Section 23-1 of the Texas Securities Act, Respondent's violations of Section 12.B of the Texas Securities Act constitutes a basis for the assessment of an administrative fine against Respondent.

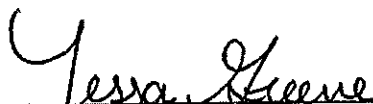
ORDER

1. It is therefore ORDERED that the investment adviser registration of S.G. Long & Company is hereby GRANTED.
2. It is further ORDERED that S.G. Long & Company is hereby REPRIMANDED.
3. It is further ORDERED that S.G. Long & Company shall pay an ADMINISTRATIVE FINE in the amount of Fifteen Thousand Dollars (\$15,000.00) to the general fund of the State of Texas within five (5) business days of the entry of this Order.


SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 21<sup>st</sup>  
day of December, 2020.

  
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TRAVIS J. ILES  
Securities Commissioner

Respondent:

  
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S.G. Long & Company  
By: Tessa Greene, CCO

Approved as to Form:

  
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Clinton Edgar  
Deputy Securities Commissioner