

BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO

In the Matter of:

Docket No. 2023-7-11

Quilici Asset Management, LLC

Respondent

**ORDER OF SUMMARY
SUSPENSION OF INVESTMENT
ADVISER REGISTRATION**

The Securities Bureau staff (the “Securities Bureau”) of the Idaho Department of Finance (the “Department”) has been conducting an examination of the Respondent, pursuant to its examination authority in Section 30-14-411(d) of the Idaho Uniform Securities Act (2004), Idaho Code § 30-14-101, et. seq. (the “Act”). After multiple, unsuccessful attempts to obtain the required books and records needed to conduct our examination, the Securities Bureau has recommended summary suspension until such required books and records are provided and the examination completed. The Director of the Idaho Department of Finance (the “Director”) pursuant to the Act, in particular Idaho Code § 30-14-412, hereby accepts that recommendation and makes the following Findings of Facts and Conclusions of Law and enters the following Order of Suspension, by summary process.

RESPONDENT

1. Quilici Asset Management, LLC (“Respondent”) is an Idaho limited liability company that was formed in April 1998 and has its principal place of business located at 3626 E Clement Road, Boise, Idaho 83702. Respondent has been an Idaho-registered investment adviser firm since February 2004, with the CRD #130240.

FINDINGS OF FACTS

2. Thomas A. Quilici (Quilici) is the owner, and sole investment adviser representative of Respondent. Quilici, CRD #2936009, first registered with the Respondent as an investment adviser representative in December of 2004. The Respondent's required books and records were previously reviewed by the Department in 2005, 2008, 2011, 2014, 2017, and 2020 pursuant to the Department's routine examination program.
3. This order of suspension arises out of Respondent's recent failure to enable the Securities Bureau to conduct an examination and review its required books and records.
4. The Department routinely examines all Idaho-registered investment advisers to ensure compliance with regulation and ultimately to protect Idaho investors who are clients or potential clients of the investment adviser. Such examinations are performed pursuant to Idaho Code Section 30-14-411(d):

(d) Audits or inspections. The records ... of every broker-dealer, agent, investment adviser or investment adviser representative registered or required to be registered under this chapter are subject to such reasonable periodic, special or other audits or inspections by a representative of the administrator, within or without this state, as the administrator considers necessary or appropriate in the public interest and for the protection of investors. An audit or inspection may be made at any time and without prior notice. The administrator may copy, and may remove for audit or inspection copies of, all records the administrator reasonably considers necessary or appropriate to conduct the audit or inspection. The administrator may assess a reasonable charge for conducting an audit or inspection under this subsection.

Rule 93 of the Rules Pursuant to the Uniform Securities Act (2004) further requires:
RECORDS REQUIRED OF INVESTMENT ADVISERS.

Pursuant to provisions of the Act, every investment adviser registered or required to be registered under the Act shall make and keep true, accurate and current books and records as listed in 17 CFR 275.204-2 under the Investment Advisers Act of 1940, as currently amended.

5. On June 23, 2023, the Department notified Quilici that it had scheduled Respondent's examination for July 25, 2023. With this notification, the Department provided Quilici with a list of records to be prepared for the Department's examination. On July 17, 2023, Quilici contacted the Department regarding a conflict with the proposed July 25, 2023, date due to family medical issues.
6. On July 19, 2023, the Department attempted to reschedule the examination to August 29, 2023. This date was initially resisted by Quilici based on what he described as severe negative impacts caused by a computer servicing business, a third-party service provider for the firm.
7. On July 26, 2023, the Department contacted Quilici to discuss scheduling the examination and Quilici agreed to the August 29, 2023 examination date. This extension to August 29, 2023 provided Quilici an additional month to retrieve records and prepare for the examination (more than two months since the initial notice that described the books and records required for inspection).
8. On August 29, 2023, the Department attempted to conduct the scheduled in-person examination, at Respondent's business location. Quilici was not prepared for an in-person examination and did not enable examiners to conduct the examination.

9. On August 30, 2023, the Department contacted Quilici and again rescheduled the examination for September 8, 2023, at the Respondent's business location. The examiners conducted the required initial interview; however, the required books and records needed to conduct the examination were not available. Examiners gave the Respondent until end of day Monday, September 11, 2023, to upload the required books and records to box.com.
10. As of the date of this order, no requested records have been uploaded to box.com.

CONCLUSIONS OF LAW

11. Idaho Code § 30-14-412(b) provides, in relevant part:
 - (b) Disciplinary conditions – Registrants. If the [Director] finds that the order is in the public interest and subsection (d) of this section authorizes the action, an order issued under this chapter may revoke, suspend, condition or limit the registration of a registrant...”
12. Idaho Code § 30-14-412(d)(8) provides, in relevant part:
 - (d) Grounds for discipline. A person may be disciplined under subsections (a) through (c) of this section if the person: ...Refuses to allow or otherwise impedes the administrator from conducting an audit or inspection under section 30-14-411(d), Idaho Code, or refuses access to a registrant's office to conduct an audit or inspection under section 30-14-411(d), Idaho Code;
13. Respondent's repeated failure to provide the records requested pursuant to the Department's focused investment adviser examination has impeded the Department's audit or inspection conducted under the authority of Idaho Code § 30-14-411(d).
14. The Securities Bureau recommends, and the Director concludes, that the above

violations of Idaho Code § 30-14-412(d)(8) constitute grounds for discipline under Idaho Code § 30-14-412(d), and further concludes that such grounds authorize the suspension of Respondent's application for registration as an investment adviser, pursuant Idaho Code § 30-14-412(b), until the Department is able to access the Respondent's required books and records as identified in Rule 93, IDAPA 12.01.08 ("Rules Pursuant to the Uniform Securities Act (2004)"), and conclude an examination of Respondent. These required books and records include, but are not limited to, a list of discretionary clients, client contract information, client billing information, and the Respondent's financial records.

15. Idaho Code § 30-14-412(f) provides, in relevant part:

(f) Summary process. The [Director] may ... restrict, condition, limit or suspend a registration ... before final determination of an administrative proceeding. Upon the issuance of an order, the [Director] shall promptly notify each person subject to the order that the order has been issued, the reasons for the action, and that within fifteen (15) days after the receipt of a request in a record from the person the matter will be scheduled for a hearing. If a hearing is not requested and none is ordered by the [Director] within thirty (30) days after the date of service of the order, the order becomes final by operation of law. If a hearing is requested or ordered, the [Director], after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend the order until final determination.

ORDER

NOW, THEREFORE, pursuant to Idaho Code § 30-14-412, the Respondent's investment adviser registration is HEREBY SUSPENDED by summary process, effective immediately, until the Department is able to access the Respondent's required books and records and conclude an examination of Respondent.

The Director finds the immediate and summary suspension of the Respondent's registration is in

the public interest, furthers the goals of investor protection, and is consistent with the purpose of the Idaho Uniform Securities Act.

DATED: October 13th, 2023


JOHN YAROS, Securities Bureau Chief
Idaho Department of Finance

IT IS SO ORDERED

THIS ORDER IS EFFECTIVE UPON ITS ISSUANCE:

DATED this 13th day of October 2023



STATE OF IDAHO
DEPARTMENT OF FINANCE


PATRICIA R. PERKINS, Director

NOTICE AND OPPORTUNITY FOR A HEARING

The Respondent shall take notice that if the Respondent wishes to contest the foregoing ORDER OF SUMMARY SUSPENSION OF INVESTMENT ADVISER REGISTRATION (“Order”), the Respondent shall file a request for hearing pursuant to Idaho Code § 30-14-412(f) within thirty (30) days after the service of this Order. If the Respondent does not timely request a hearing and none is ordered by the Director within that time period, the Order becomes final as to the Respondent by operation of law. If a hearing is timely requested or ordered, the Director, after notice of and opportunity for a hearing, may modify or vacate the Order or extend it until final determination.

A request for a hearing must be made in writing and addressed to:

John Yaros
Securities Bureau Chief
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

A copy of such request must also be served upon the Department’s counsel, Erick Shaner, Deputy Attorney General, at the same address or by email at erick.shaner@finance.idaho.gov.

If a hearing is requested or ordered pursuant to Idaho Code § 30-14-412(f), a hearing will be set by the Director within fifteen (15) days after receipt of a timely written request, and such hearing will be conducted pursuant to Chapter 52, Title 67, Idaho Code. A final order may not be issued unless the Director makes findings of fact and conclusions of law in a record pursuant to Chapter

52, Title 67, Idaho Code. The final order by the hearing officer may make final, vacate, or modify the Order.

If the Respondent requires any assistance of the kind the Department provides under the Americans with Disabilities Act (e.g., sign language interpreters, Braille copies of documents) in order to participate in or understand these proceedings, the Department will supply such reasonable assistance upon advance request.

Should this order become a final order by operation of law, as discussed above, then any party may file a motion for reconsideration of that final order within fourteen (14) days of the service date of this order. The agency will dispose of the petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. See Section 67-5246(4), Idaho Code.

Should this order become final order by operation of law, as discussed above, then pursuant to Sections 67-5270 and 67-5272, Idaho Code, any party aggrieved by this final order or orders previously issued in this case may appeal this final order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which a hearing was held, the final agency action was taken, the party seeking review of the order resides, or operates its principal place of business in Idaho, or the real property or personal property that was subject of the agency action is located. An appeal must be filed within twenty-eight (28) days (a) of the service date of this final order, (b) of an order denying petition for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. *See* Section 67-5273, Idaho Code. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.