

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

In the Matter of:

STRAIGHT LINE INVESTMENT GROUP
LLC, an Idaho limited liability company,

MELISSA DAVIS, and
(CRD No. 5526198)

JERRY A. PAPIN, JR.
(CRD No. 2226175)

Respondents.

Docket No. 2017-7-13

AGREEMENT AND ORDER

The Director of the Department of Finance (“Director”) has conducted an investigation into the conduct of Straight Line Investment Group LLC (“SLG”), Melissa Davis (“Davis”), and Jerry A. Papin, Jr. (“Papin”) (collectively “Respondents”). Pursuant to the investigation, it appears to the Director that violations of the Idaho Uniform Securities Act (2004), (the “Act”) I.C. § 30-14-101 et. seq. have occurred. The Director and Respondents have agreed to resolve this matter without a public hearing or other adjudication of this matter. Therefore, the Director deems it appropriate and in the public interest to enter this Agreement and Order (“Order”). Respondents voluntarily consent to the entry of the Order.

RESPONDENTS

1. SLG, a Wyoming limited liability company, is a registered investment advisor with its principal place of business located at 3456 E 17th St., Suite 200, Ammon, Idaho 83406. Davis and Papin are each 50% partners in SLG. According to SLG’s most recent Form ADV, SLG manages approximately \$26.3 million of client assets.

2. Davis is SLG's Chief Compliance Officer and the only investment advisor representative for SLG registered with the Department.

3. Papin does not have a role in providing investment advice. Davis represents that Papin does not have access to view client or account data, or conduct transactions. He does not hold himself out as an advisor of any kind and has no role in portfolio management. Papin is responsible for routine business tasks, including, making annual LLC filings, signing leases, ensuring tax preparation, auditing expenses, arranging travel, and maintaining office supplies.

BACKGROUND

4. Papin was registered as a broker-dealer agent or an investment advisor representative almost continuously from 1992 until June of 2013. Papin was an agent and/or a representative of Ameriprise Financial Services ("AFS") from 1992 until August 24, 2011.

5. In 2008, Papin hired Davis as part of his administrative staff. Davis became registered as a broker-dealer agent and an investment advisor representative for AFS in early 2010 but was not authorized by AFS to act in those capacities.

6. On August 24, 2011, Papin resigned from AFS. On September 6, 2011, AFS filed a Form U5 indicating that Papin's association with AFS was voluntarily terminated on August 24, 2011.

7. On September 15, 2011, AFS filed an amended Form U5 to indicate that at the time of Papin's voluntary termination on August 24, 2011, Papin was under internal review for possible violation of industry rules, regulations or standards of conduct. AFS disclosed in Form U5 that it initiated the internal review on August 15, 2011, to investigate "for undisclosed insurance agency agreement and for inappropriate sales activity by his licensed assistant." AFS also disclosed that Papin was suspended on August 24, 2011, for failure to cooperate with the internal review and that Papin submitted his resignation on the same day after his suspension.

8. Beginning in October of 2011, the Financial Industry Regulatory Authority (“FINRA”) requested information and documents from Papin relating to his termination from AFS.

9. On July 1, 2013, after Papin failed to produce all of the requested documents, FINRA filed a disciplinary proceeding against Papin alleging violations of FINRA rules 8210 and 2010. The alleged violations were for failure to provide the information and documents that FINRA had requested.

10. On September 20, 2013, the FINRA hearing officer issued a Default Decision in the disciplinary proceeding, including an order that permanently barred Papin from association with any FINRA member firm. The order became final on October 18, 2013.

11. Papin admits that he received actual notice of the FINRA order no later than December of 2014. Papin asserts that he did not receive timely, written notice of either FINRA’s disciplinary complaint or the final order in 2013 due to a deployment outside of country with the US military. Papin also asserts that he did not inform Davis about the FINRA order; however, FINRA filed a Form U6 in the CRD on October 18, 2013, publically disclosing the order.

12. Papin, at all relevant times, has been a partner and officer of SLG and therefore is an *Advisory Affiliate* and a *Management Person* of SLG as defined in Form ADV.

13. FINRA sent Papin a written notice to his residential and business addresses as recorded in the CRD on July 1, 2013, that he was the subject of a proceeding that could result in a bar from association with any FINRA member and on October 18, 2013, that he was the subject of a final order permanently barring him from association with any FINRA member.

14. Pursuant to Item 11(G) of Form ADV Part 1A, Respondents are required to disclose that Papin was the subject of a regulatory proceeding that could result in additional disclosures under Item 11 of Form ADV within thirty (30) days of July 1, 2013.

15. Pursuant Item 11(E)(4) of Form ADV Part 1A, Respondents are required to disclose Papin's permanent bar from association with any FINRA member within thirty (30) days after the FINRA permanent bar order became final on October 18, 2013.

16. Pursuant to Item 9(C)(2) of Form ADV Part 2A, Respondents are required to disclose Papin's permanent bar from association with any FINRA member within thirty (30) days after the FINRA permanent bar order became final on October 18, 2013.

17. Respondents failed to update SLG's Form ADV Part 1A and 2A in accordance with the instructions of Form ADV as described above.

18. Respondents filed four updates to Form ADV Part 1A and Part 2A between July 1, 2013 and 2017 without disclosing Papin's FINRA disciplinary proceeding and permanent bar.

19. Davis, as Chief Compliance Officer of SLG and co-owner, and Papin, as co-owner, are and were at all relevant times responsible for insuring that SLG's Form ADV was accurate and complete.

FINDINGS OF VIOLATIONS

20. Respondents violated Rule 89.05 by failing to update Form ADV within 30 days of receiving notice of the FINRA complaint and final order. Rule 89.05 of the Rules Pursuant to the Act (IDAPA 12.01.08.89), requires registered investment advisors to update Form ADV in accordance with the form's instructions.

21. Respondents violated Rule 104.34 by omitting material facts about FINRA's permanent bar of Papin from association with FINRA members. Under Rule 104.34 of the Rules Pursuant to the Act (IDAPA 12.01.08.104.34) it is a dishonest and unethical practice as used in I.C. § 30-14-412(d)(13) to misrepresent to any advisory client or prospective advisory client the qualifications of the investment advisor or any employee.

22. Respondents violated I.C. § 30-14-505 by filing five updates to Form ADV, between 2013 and 2017, that were false or misleading in a material respect. Respondents did not disclose in Form ADV that Papin, an *Advisory Affiliate* and a *Management Person* of SLG, was:
- a. the subject of a regulatory proceeding that could result in additional disclosures under Item 11 of Form ADV (Part 1A, Item 11(G)), and
 - b. permanently barred from association with any FINRA member, (Part 1A, Item 11(E)(4) and Part 2A, Item 9(C)).

I.C. § 30-14-505 prohibits the filing with the Department, in a record, a statement that is false or misleading in a material respect.

AGREEMENT, ACKNOWLEDGMENT, REMEDIES

The Department and Respondents agree as follows:

23. Respondents admit the Findings of Violations.
24. Respondents agree to update Form ADV to disclose the FINRA bar no later than thirty (30) days from the date of the Order. Respondents will submit a draft copy of the disclosures to the Department for review and approval prior to the final filing.
25. Respondents agree to pay an administrative penalty of eight thousand dollars (\$8,000). Payment of the penalty is due not later than thirty (30) days from the date of the Order. Respondents are jointly and severally liable for the penalty.
26. Respondents agree to permanently cease and desist from violating the Act and agree to comply with all the provisions of the Act and the Rules promulgated thereunder in the future.
27. Respondents acknowledge that if they fail to comply with the Order, the Department may institute further proceedings against them.
28. Respondents acknowledge that the Order may provide a basis for suspension or revocation if they violate the Act in the future.

29. Respondents represent that all information provided to the Department in connection with the investigation relating to the Order is accurate and complete.

AGREED TO and ACKNOWLEDGED this 8TH day of FEBRUARY, 2018

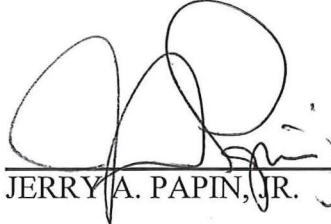


STRAIGHT LINE INVESTMENT GROUP LLC

By: Melissa Davis



MELISSA DAVIS



JERRY A. PAPIN, JR.

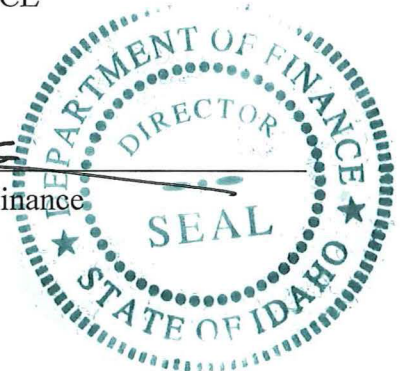
IT IS SO ORDERED

DATED this 8TH Day of FEBRUARY, 2018

STATE OF IDAHO
DEPARTMENT OF FINANCE



GAVIN GEE, Director of Finance



NOTARY

STATE OF IDAHO)
) :SS
County of Bonneville)

On this 8th day of February, 2018, before me personally appeared Melissa Davis and Jerry Allen Papin, Jr., known or proven to me to be the persons whose names are subscribed to this instrument, *Idaho Department of Finance Agreement & Order, Docket No. 2017-7-13.*



Paul Wilson
Notary Public for Idaho
Residing at: *Idaho Falls*
My commission expires: *7/11/2023*