

BEFORE THE DIVISION OF INSURANCE
DEPARTMENT OF LABOR AND REGULATION
STATE OF SOUTH DAKOTA

IN THE MATTER OF CHARLES CLEM)
AND CLEM INVESTMENTS)

CONSENT ORDER

In resolution of the above matter and in lieu of issuance of a Notice of Hearing and a formal hearing, the undersigned parties do hereby agree to the following:

CHARLES CLEM, with an address of 508 7th Street, Suite 205, Rapid City, SD 57701, is a registered investment advisor in South Dakota;

CLEM INVESTMENTS, with an address of 508 7th Street, Suite 205, Rapid City, SD 57701, is a registered investment advisor in South Dakota owned by CHARLES CLEM;

CHARLES CLEM and CLEM INVESTMENTS are aware that the South Dakota Division of Insurance ("Division") has conducted a routine examination into their securities activities in South Dakota;

The Division has alleged the following:

- 1) CHARLES CLEM and CLEM INVESTMENTS failed to send fee notices to consumers in violation of ARSD 20:08:05:25;
- 2) CHARLES CLEM and CLEM INVESTMENTS failed to maintain adequate records in violation of ARSD 20:08:05:23;
- 3) CHARLES CLEM and CLEM INVESTMENTS failed to offer or timely send investment advisor brochures to consumers in violation of ARSD 20:08:05:26;
- 4) The above-cited conduct constitutes grounds for the issuance of a civil penalty of up to \$10,000 per violation and/or the suspension or revocation of CHARLES CLEM's or CLEM INVESTMENTS investment advisor registrations pursuant to SDCL §§ 47-31B-412 and 47-31B-604;

CHARLES CLEM and CLEM INVESTMENTS are aware of and understand the nature of the charges and have been informed that they have the right to notice, hearing, and appeal, and that by agreeing to and signing this Consent Order agrees to the waiver of these rights;

In return for CHARLES CLEM and CLEM INVESTMENTS agreeing to the provisions of this Consent Order, the Division agrees not to proceed to a formal hearing and agrees that this Consent Order will constitute an informal disposition of this matter pursuant to SDCL § 1-26-20;

CHARLES CLEM and CLEM INVESTMENTS agree to an aggregate civil penalty in the amount of \$5,000 pursuant to SDCL §§ 47-31B-412 and 47-31B-604, in lieu of contesting this matter formally;

CHARLES CLEM and CLEM INVESTMENTS further agree to conduct themselves in accordance with the securities laws and regulations of the State of South Dakota; and

CHARLES CLEM and CLEM INVESTMENTS further agree that this Consent Order may be considered for the purpose of determining appropriate sanctions in any future actions with the Division for any violations of the laws or regulations of the State of South Dakota or for failing to abide by any order of the Director;

Wherefore, good cause appearing from the foregoing, it is hereby ORDERED that CHARLES CLEM and CLEM INVESTMENTS pay an aggregate civil penalty in the amount of \$5,000 payable to "South Dakota Division of Insurance" for deposit in the general fund of the State of South Dakota; and it is further

ORDERED that CHARLES CLEM and CLEM INVESTMENTS abide by the agreements made by them in this Consent Order; and it is further

ORDERED that this Consent Order is necessary and appropriate in the public interest and for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of SDCL Ch. 47-31B; and it is further

ORDERED that the provisions of this Consent Order shall be effective from the date the Director signs this Order.

Dated at Pierre, South Dakota this 3rd day of April, 2018.



Larry Deiter, Director
South Dakota Division of Insurance

I have read and understand the terms of this Consent Order and the waiver of my due process rights and voluntarily enter into this Consent Order.

Dated this 29th day of March, 2018.



CHARLES CLEM

The undersigned, on behalf of CLEM INVESTMENTS, ~~represents that it understands the terms of this Consent Order and the waiver of its due process rights and voluntarily enters into this Consent Order.~~

Dated this 29th day of March, 2018.



Signature of Authorized Representative

Charles Clem OWNER

Printed Name & Title