

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

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IN THE MATTER OF )  
 ) **ORDER TO CEASE AND DESIST**  
CHARLES SAMUEL CLEM AND )  
CLEM INVESTMENTS )

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TO: Charles S. Clem Clem Investments  
2620 Lawndale Drive 508 7<sup>th</sup> Street 205  
Rapid City, SD 57702 Rapid City, 57701

The South Dakota Division of Insurance (“Division”) finds the following regarding Charles S. Clem and Clem Investments:

1. Clem Investments is a business located in Rapid City, SD;
2. Charles S. Clem, whose last known address is 2620 Lawndale Drive, is the owner and operator of Clem Investments;
3. Charles S. Clem was previously registered as investment adviser in South Dakota and is not currently registered with the Division to act in that capacity since December 31, 2018;
4. SDCL § 47-31B-102 defines who is considered to be an investment adviser;
5. The Division received evidence that Charles S. Clem and Clem Investments has continued to offer investment adviser services in South Dakota;
6. Charles S. Clem has offered and performed investment adviser activities, individually and through Clem Investments, without a registration as an investment adviser in South Dakota;
7. Charles S. Clem, individually and through Clem Investments, has been acting as an unregistered investment adviser in South Dakota;
8. SDCL § 47-31B-403 states that it is unlawful for a person to transact business in this state as an investment adviser unless the person is either registered with the Division or exempt from registration;
9. Pursuant to SDCL § 47-31B-602, the Director may conduct public or private investigations within or outside of the state which the Director considers necessary or appropriate to determine compliance with Chapter 47-31B;

10. Pursuant to SDCL § 47-31B-604, if the director determines that a person has violated Chapter 47-31B, the director may issue an order directing the person to cease and desist from engaging in the act, practice, or course of business;
11. The above findings provide sufficient grounds for issuance of a cease and desist order in accordance with the provisions of SDCL § 47-31B-604;
12. Pursuant to SDCL § 47-31B-604(d), the Division may impose a civil penalty of up to \$10,000 per violation of Chapter 47-31B;
13. This order is necessary and appropriate in the public interest and for the protection of investors and are consistent with the policies and provisions of the South Dakota Uniform Securities Act, SDCL Chapter 47-31B.

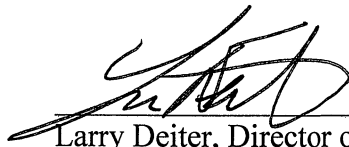
NOTICE IS HERBY GIVEN pursuant to SDCL § 47-31B-604(b), that Charles S. Clem and Clem Investments and any officer, director, broker, agent, and employee thereof, may request a hearing regarding this matter. A hearing will be scheduled within fifteen days after the Division receives a request. At hearing, the above-referenced parties may appear in person or be represented by counsel pursuant to SDCL Chapter 1-26. If a request for a hearing is not received by the Division within 30 days after the above-referenced parties receive this Order, this Order will become final.

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 this Order or extend it until final determination. If the amount in controversy exceeds \$2,500 or if a property right may be terminated, any party to the contested case may require the Division to use the Office of Hearing Examiners by giving notice to the Division no later than 10 days after service of a notice of hearing issued pursuant to § 1-26-17. An administrative hearing is an adversary proceeding and any interested party has a right to be present at the hearing and to be represented by an attorney during the hearing. Due process rights will be forfeited if they are not exercised during the hearing. A default order may be issued against any party not appearing at the hearing. Any action taken at the hearing may be appealed to the Circuit Court and the Supreme Court pursuant to SDCL Chapter 1-26. Handicapped persons who wish to attend should contact the Division so the hearing can be held in a place readily accessible to them.

A person who is not an original party to a contested case and whose pecuniary interests would be directly affected by the Division's Order, may become a party to the hearing by intervention if timely application therefore is made to the Division, pursuant to SDCL § 1-26-17.1.

THEREFORE, IT IS HEREBY ORDERED, pursuant to SDCL § 47-31B-604, that Charles S. Clem, Clem Investments, and all officers, directors, brokers, agents, and employees thereof shall cease and desist from acting or offering to act as an investment adviser in the State of South Dakota until further order of the Director. Any willful violation of this Order is a Class 4 felony pursuant to SDCL § 47-31B-508(a).

Dated at Pierre, South Dakota this 30<sup>th</sup> day of August, 2019.



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Larry Deiter, Director of Insurance  
South Dakota Department of Labor & Regulation

### CERTIFICATE OF SERVICE

I, Frank Marnell, the undersigned, do hereby certify that on the date shown below, a true and correct copy of the Order to Cease and Desist with respect to the above-entitled action was sent U.S. First Class Mail and U.S. Certified Mail thereon, to the following:

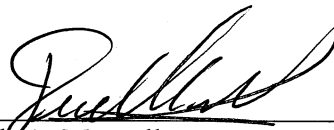
Charles S. Clem  
508 7<sup>th</sup> Street, Suite 205  
Rapid City, SD 57701

Clem Investments  
508 7<sup>th</sup> Street, Suite 205  
Rapid City, SD 57701

Charles S. Clem  
2620 Lawndale Drive  
Rapid City, SD 57702

Clem Investments  
2620 Lawndale Drive  
Rapid City, SD 57702

Dated at Pierre, South Dakota this 30<sup>th</sup> day of August, 2019.



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South Dakota Dept. of Labor and Regulation  
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