



## I.

### FINDINGS OF FACTS

1. Young admits the jurisdiction of the Delaware Department of Justice, Investor Protection Unit in this matter.

2. Civitas is an investment adviser owned by Young and Coverdale, with Coverdale, an unregistered investment advisor representative, its sole managing principal and control person.

3. On October 14, 2015, the Investor Protection Unit conducted an unannounced examination of Civitas pursuant to 6 *Del.C.* § 73-303(e).

4. Civitas was unable to produce books and records they are required to maintain by the Act and the Rules Pursuant to the Delaware Securities Act. Specifically, at the time of the examination, Civitas could not produce the following:

- a. Financial records of Civitas;
- b. Originals of written communications received and copies of all written communications sent by such investment adviser relating to any recommendation made or proposed to be made and any advice given or proposed to be given, any receipt, disbursement or delivery of funds or securities, or the placing or execution of any purchase or sell any security;
- c. A list or other record of all accounts in which the investment adviser is vested with any discretionary power with respect to the funds, securities or transactions of any client;
- d. All written agreements or copies thereof entered into by the investment adviser with any client or otherwise relating to the business of such investment adviser as such; and
- e. A copy of each written statement and each amendment or revision thereof, given or sent to any client or prospective client of such investment adviser in accordance with the provisions of Rule 709(a)(17), and a record of the dates that each written

statement, and each amendment or revision thereof, was given, or offered to be given, to any client or prospective client who subsequently becomes a client.

5. Civitas was also unable to produce any written policies or procedures, including written supervisory procedures and written policies and procedures designed to prevent the misuse of material nonpublic information.

6. Since the unannounced exam Civitas has still been unable to produce books and records that they are required to maintain by the Act and the Rules Pursuant to the Delaware Securities Act. Specifically, Civitas could not produce the following:

- a. Financial records of Civitas;
- b. Originals of written communications received and copies of all written communications sent by such investment adviser relating to any recommendation made or proposed to be made and any advice given or proposed to be given, any receipt, disbursement or delivery of funds or securities, or the placing or execution of any purchase or sell any security;
- c. All written agreements or copies thereof entered into by the investment adviser with any client or otherwise relating to the business of such investment adviser as such; and
- d. A copy of each written statement and each amendment or revision thereof given or sent to any client or prospective client of such investment adviser in accordance with the provisions of Rule 709(a)(17), and a record of the dates that each written statement, and each amendment or revision thereof was given or offered to be given, to any client or prospective client who subsequently becomes a client.

7. Civitas has also been unable to produce any written policies or procedures, including written supervisory procedures and written policies and procedures designed to prevent the misuse of material nonpublic information since the unannounced exam.

## II.

### CONCLUSIONS OF LAW

1. The Delaware Department of Justice, Investor Protection Unit has jurisdiction over this matter pursuant to 6 *Del. C.* § 73-501.

2. Young's and Civitas' failure to maintain certain records constitutes a violation of § 73-303(a) of the Delaware Securities Act and Rule 706 of the Rules Pursuant to the Delaware Securities Act.

3. Young's and Civitas' failure to enter into written investment advisory contracts constitutes a violation of § 73-304(a)(7) of the Delaware Securities Act and Rule 709(a)(17) of the Rules Pursuant to the Delaware Securities Act.

4. The Delaware Department of Justice, Investor Protection Unit finds the following relief appropriate and in the public interest.

## III.

### ORDER

On the basis of the Findings of Facts, Conclusions of Law, and William Daniel Young's consent to the entry of this Order,

IT IS HEREBY ORDERED that:

1. Young, and every agent, servant, and employee of him, and every entity owned, operated, or indirectly or directly controlled or hereinafter organized by or on behalf of him, are hereby ordered to cease and desist transacting business in the State of Delaware that would require registration under the Act for a period of two years, except for the limited purpose of effecting liquidating transactions in the accounts of any customers who remain with Civitas as of the date of this Order, if any.

2. Young is ordered to cease and desist from holding himself out as an investment advisor representative and from receiving compensation for investment advisory and other related services for

a period of two years.

3. Young is ordered to cease and desist from becoming employed by or affiliated with any investment advisor or broker dealer for a period of two years.

4. If Young seeks to become an investment advisor representative, or to become employed by or affiliated with an investment advisor or broker dealer following the expiration of this Order, Young will also apply to IPU to be registered as an investment advisor representative. IPU reserves its right to take action as deemed appropriate based on Young's registration application at that time.

5. This Order concludes the investigation by the Delaware Department of Justice, Investor Protection Unit as it relates to violations discovered during the October 14, 2015, investment adviser exam. The State of Delaware will take no further action against Young based on deficiencies found at the unannounced examination of Civitas on October 14, 2015.

6. This Order shall be binding upon Young with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

Dated this 23<sup>rd</sup> day of June, 2016.

**BY ORDER OF THE INVESTOR PROTECTION UNIT**

  
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Edward K. Black  
Hearing Officer

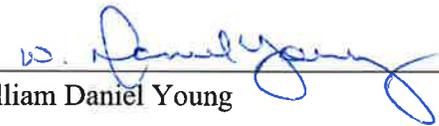
**CONSENT TO ENTRY OF CONSENT ORDER BY WILLIAM DANIEL YOUNG**

William Daniel Young hereby acknowledges that he has been served with a copy of this Consent Order ("Order"), has read the foregoing Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

William Daniel Young admits the jurisdiction of the Investor Protection Unit, neither admits nor denies the Findings of Facts and Conclusions of Law contained in this Order, and consents to entry of this Order by the Investor Protection Unit as settlement of the issues contained in this Order.

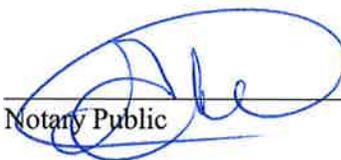
William Daniel Young states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Order and that it has entered into this Order voluntarily.

Dated this 8 day of JUNE, 2016.

  
\_\_\_\_\_  
William Daniel Young

SUBSCRIBED AND SWORN TO before me this 1st day of June, 2016.

[Affix seal]

  
\_\_\_\_\_  
Notary Public

My Commission expires:

NA  
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