STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of: PATTEN & DAVES CAPITAL MANAGEMENT, an Oregon assumed business name, and LIANE EMPIO, an individual, Respondents.	Case No. S-22-0112 FINAL ORDER TO CEASE AND DESIST, FINAL ORDER ASSESSING CIVIL PENALTIES, AND CONSENT TO ENTRY OF ORDER, AS TO RESPONDENT PATTEN & DAVES CAPITAL MANAGEMENT

The Division of Financial Regulation (the "Division"), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), conducted an investigation of Patten & Davies Capital Management ("PDCM") and Liane Empio, (collectively "Respondents"). The Division determined that Respondents violated provisions of Oregon Revised Statutes ("ORS") 59.005 to 59.451, 59.991 and 59.995 ("the Oregon Securities Law") and the Oregon Administrative Rules ("OAR") promulgated thereunder.

Respondent PDCM submits to the Director's jurisdiction and agrees to waive its rights to notice and an administrative hearing under ORS 183.415 and wishes to resolve this matter by consenting to entry of this Consent Order.

Now, therefore, as evidenced by the authorized signature(s) subscribed herein, the Director issues the following Findings of Fact, Conclusions of Law, and Final Orders.

FINDINGS OF FACT

The Director FINDS that:

1. PDCM is an Oregon state investment advisor, with Central Registration Depository ("CRD") number 106033. It was first licensed in Oregon as a state investment advisor on May 4,

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2012.

2. Mark Patten, is a licensed investment advisor representative with CRD number 830239. At all relevant times, Patten has been PDCM's Owner, President, and Chief Compliance Officer.

3. George Daves is an investment advisor representative with CRD number 4357115. At all relevant times, Daves has been an owner and executive vice president of PDCM.

4. At all relevant times, Liane Empio has been PDCM's vice president of operations.

5. At all relevant times, Mark Patten and George Daves have been licensed in Oregon as investment advisor representatives of PDCM.

6. At no relevant time has Liane Empio been licensed as an investment advisor representative.

7. On March 24, 2022, the Division began a routine examination of PDCM. Part of the examination included an interview in the PDCM office with Mark Patten, George Daves, and Liane Empio. During the interview, Liane Empio told the examiner that she had placed trades for PDCM clients.

8. Because Liane Empio is not licensed as an investment advisor representative, the examiner told Mark Patten, George Daves, and Liane Empio that she is not permitted to place trades even under the supervision or direction of Mark Patten or George Daves.

9. On April 22, 2022, the DFR examiner sent a letter to PDCM that contained corrective actions. One of those corrective actions stated, "Liane Empio cannot place trades."

10. On May 17, 2022 PDCM responded to the April 22, 2022 letter. In response to the foregoing corrective action, PDCM wrote "Mark Patten is doing the trading."

11. During the time period relevant to this Order, PDCM used a trading platform provided by Charles Schwab to execute trades for its clients. Each member of PDCM, including Liane

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Empio, had unique login credentials that allowed them to access the trading platform. Prior to the examiner's interview, Liane Empio's login credentials appeared on trade reports which was consistent with her statements that she had made trades for PDCM clients.

12. On July 5, 2022, after PDCM replied to the Division's examination letter to indicate that only Mark Patten would place trades, the examiner requested additional PDCM trade reports from Charles Schwab. These trade reports documented additional trades made by Liane Empio continuing to occur, including on April 18, 2022, May 27, 2022, June 13, 2022 and July 5, 2022, for a total of 39 sell orders.

13. After the Division against contacted Respondents to indicate that Liane Empio continued to make trades even after PDCM indicated that only Mark Patten would do so.,

14. On or about September 30, 2023, Mark Patten sold PDCM and retired from the industry. Liane Empio will remain with PDCM – which has no clients – in order to conclude year-end accounting, to close the books and office, and to facilitate the transfer of paperwork to the buyer of PDCM. She plans to retire once those tasks are completed.

CONCLUSIONS OF LAW

The Director CONCLUDES the following:

15. Under ORS 59.245(1), the Director may make such public or private investigations within or outside this state as the Director deems necessary to determine whether a person has violated or is about to violate any provision of the Oregon Securities Law or any rule or order of the Director, or to aid in the enforcement of the Oregon Securities Law or in the formulation of rules and forms thereunder.

16. Under ORS 59.245(2), the Director may require or permit a person to file a statement in writing, under oath or otherwise as the director determines, as to all the facts and circumstances

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concerning the matter to be investigated.

17. Under ORS 59.451, it is unlawful for any person who is the subject of an investigation under ORS 59.245 or examination under ORS 59.235, directly or indirectly, to make or file or cause to be made or filed with the Director any statement, report or document which is false in any material respect or manner.

18. By responding to the Division's corrective action letter to state that only Mark Patten was conducting trades for PDCM but continuing to allow Liane Empio to conduct trades, PDCM made a statement to the Director that was false in a material respect, in violation of ORS 59.451.

19. Under ORS 59.245(4), if the Director has reason to believe that any person has engaged, is engaging, or is about to engage in any violation of the Oregon Securities Law, the Director may issue an order, subject to ORS 59.295, directed to the person to cease and desist from the violation or threatened violation.

20. Under ORS 59.995(1), in addition to all other penalties and enforcement provisions provided by law, any person who violates or who procures, aids or abets the violation of the Oregon Securities Law or any rule or order of the Director shall be subject to a penalty of not more than $20,000 for every violation, which shall be paid to the General Fund of the State Treasury.

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ORDERS

Now therefore, the Director issues the following Orders:

Cease and Desist

21. Pursuant to ORS 59.245(4), the Director ORDERS Respondent PDCM, and all entities owned or controlled by PDCM, to cease and desist from violating ORS 59.451.

Civil Penalty

22. Pursuant to ORS 59.995 (1)(a), the Director ORDERS the assessment of a ten thousand

dollar ($10,000) civil penalty against PDCM violating ORS 59.451.

23. The Director SUSPENDS nine thousand dollars ($9,000) of the foregoing civil penalty against PDCM provided that PDCM pays the remaining one thousand dollars ($1,000) of civil penalties, that Mark Patten remains retired and does not seek to re-enter the Oregon marketplace as a licensed investment adviser representative, broker-dealer, or salesperson under the Oregon Securities Law, and that PDCM otherwise complies with the terms of this Consent Order and the Oregon Securities Law.

24. The Director agrees to waive the foregoing suspended nine thousand dollar ($9,000) civil penalty at the end of a period of three (3) years from the effective date of this Consent Order provided that Respondent complies with the Oregon Securities Law and the terms and conditions of this Consent Order.

25. If Respondent fails to comply with this Consent Order or otherwise fails to comply with the Oregon Securities Law within the foregoing period of three (3) years, then the suspended civil penalties shall become immediately due and payable and the Division may take additional action against Respondent for violations of this Consent Order or the Oregon Securities Law.

NONDISCHARGEABILITY

26. Respondent agrees the facts and violations set forth in this Order may be taken as true without further proof in any bankruptcy case or subsequent civil litigation the Director may pursue to enforce its rights to any payment or money judgment under the terms of this Order, including but not limited to any nondischargeablity complaint in any bankruptcy proceeding and that this Order shall have collateral estoppel effect in any bankruptcy case.

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FINAL ORDER

27. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that provision, entry of this Order in no way limits or prevents further remedies, sanctions, or actions which may be available to the Director under Oregon law to enforce this Order, for violations of this Order, for conduct or actions of Respondent that are not covered by this Order, or against any party not covered by this Order.

IT IS SO ORDERED.

Dated this 1st day of December, 2023.

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Mark Patten, state that I hold the title of owner and member and I am an authorized representative of Respondent Patten & Daves Capital Management ("PDCM") with the authority to sign this Consent Order on behalf of PDCM. I have read the foregoing Order and I fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. PDCM voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this order. PDCM understands that this is a "Final Order" under ORS 183.310(6)(b). PDCM understands that the Director reserves the right to take further action to enforce this Order or to take appropriate action upon discovery that PDCM has committed other violations of the Insurance Code. PDCM will fully comply with the terms and conditions stated herein.

PDCM understands that this Order is a public document.

Signature: /s/ Mark Patten

Title: President

State of Oregon

County of Jackson

Signed or attested before me on this 13th day of December , 2023 by Mark Patten.

/s/Rebeckah Maritza Alvarado

Notary Public

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