

**ADMINISTRATIVE PROCEEDING
BEFORE THE
MARYLAND SECURITIES COMMISSIONER**

IN THE MATTER OF:

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AFC Asset Management Services, Inc.

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IA FILE NO. 1990-0328
DOCKET NO. 2010-0051

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Respondent

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CONSENT ORDER

WHEREAS, the Securities Division of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted in section 11-411 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2007 Repl. Vol. and 2008 Supp.) (the “Act”), conducted an on-site examination of the books and records of AFC Asset Management Services, Inc. (hereinafter referred to as “AFC” or “Respondent”); and

WHEREAS, on the basis of that examination the Maryland Securities Commissioner (the “Commissioner”) has concluded that grounds exist to allege that the Respondent violated section 11-402 of the Act; and

WHEREAS, the Commissioner and the Respondent have reached an agreement in this action whereby the Respondent consents to the terms of this Consent Order; and

WHEREAS, the Respondent waives its right to a hearing and any rights it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Consent Order; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Consent Order;

THEREFORE, before the holding of a hearing in this matter, without trial or final adjudication of any issue of fact or law, and prior to the issuance of a final order in this proceeding, the Commissioner

finds:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 of the Act.

II. RESPONDENT

2. AFC Asset Management Services, Inc. is a corporation with a principal place of business in Gaithersburg, Maryland. AFC has been registered as an investment adviser with the Division since March 1, 1991.

III. FINDINGS OF FACT

3. On or about June 1, 2009, the Division conducted an on-site examination of the books and records of AFC.

4. During that examination, the Division learned that during the summer of 2004 AFC began compensating George Klander and Dave Mock for the referral of advisory clients to AFC. Klander and Mock were associated with Money Management Advisory, Inc. ("MMAI"), an investment adviser that had its registration as an investment adviser revoked by the Division in November 2002.

5. During the period of August 2004 to the date of the audit, Respondent paid approximately \$78,500 to Klander and Mock in connection with the solicitation of approximately 40 advisory clients.

6. During this same time period, MMAI, Mock and Klander were neither registered as an investment adviser or representative with the Securities Division or exempt from such registration.

7. AFC employed unregistered investment adviser representatives in violation of section 11-402 of the Act.

8. AFC has provided the Division with compliance procedures that are reasonably designed to ensure future compliance with section 11-402 of the Act.

9. AFC advertises on its website the performance for the advisory accounts that it manages.

10. AFC generally charges an annual asset under management fee of 2% for the first \$250,000 of assets under management, and 1.5% for assets under management between \$250,000 and \$500,000. For certain family-related or employee-related accounts, however, AFC provided its advisory services at reduced rates or waived its fees.

11. The performance advertised on AFC's website does not disclose that the performance is based partially upon reduced or waived fees that would not be available to potential clients and, thus, is potentially misleading to potential clients.

12. Going forward, AFC has agreed to amend its performance advertising by disclosing the actual performance that would result if fees were charged to all clients in accordance with its standard fee schedule.

IV. CONCLUSIONS OF LAW

THE COMMISSIONER, THEREFORE, CONCLUDES AS A MATTER OF LAW:

13. Respondent violated section 11-402 of the Act by employing unregistered investment adviser representatives.

V. CONSENT TO CEASE AND DESIST AND OTHER RELIEF

NOW, THEREFORE, IT IS HEREBY ORDERED, and Respondent expressly consents and agrees that:

14. Respondent shall permanently cease and desist from engaging in activities in violation of section 11-402 of the Act and the regulations promulgated under the Act.

15. Respondent shall pay to the Office of the Attorney General a fine of \$5,000.

16. Respondent shall in all future activities in Maryland comply fully with the Act and the rules and regulations promulgated thereunder.

DATE OF THIS ORDER:

January 22, 2010

SO ORDERED:

**Commissioner's Signature is
on File with Original Document**

Melanie Senter Lubin
Securities Commissioner

CONSENTED TO:

_____/S/_____
AFC Asset Management Services, Inc.
by Barry Cliff, President

On this 8th day of January, 2010, personally appeared _____,
signer of the foregoing Consent Order, who did duly acknowledge his/her signature to be his/her free
act and deed.

Notary Public
My Commission Expires:

Seal: