

ADMINISTRATIVE PROCEEDING  
BEFORE THE  
MARYLAND SECURITIES COMMISSIONER

IN THE MATTER OF: \*

Balsam Capital Group, LLC \* IA File No.: 2017-0788

and \*

River Source Wealth Management, LLC \*

CRD # 150852 \*

and \*

Craig S. Hebert, CRD # 5866066 \*

Respondents \*

\* \* \* \* \*

CONSENT ORDER

WHEREAS, pursuant to section 11-405 of the of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2014 Repl. Vol. & Supp. 2016) (the "Act"), Craig S. Hebert ("Respondent Hebert" or "Hebert") has filed with the Maryland Division of Securities (the "Division") an application for registration as an investment adviser representative for Foundations Investment Advisors, LLC; and

WHEREAS, River Source Wealth Management, LLC ("Respondent RSWM" or "RSWM"), a North Carolina based limited liability company, was notice filed as a federal covered adviser with the Division from November 2010 to March 2017; and

WHEREAS, Balsam Capital Group, LLC ("Respondent BCG" or "BCG"), a North Carolina based limited liability company under common ownership with RSWM, provides financial services to clients from offices located in North Carolina and Maryland; and

WHEREAS, section 11-101(h) of the Act defines an investment adviser to include a person who, for compensation, engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling securities; provides or offers to provide financial and investment advice; gathers information relating to investments, establishes financial goals and objectives, processes and analyzes the information gathered, and recommends a financial plan; or holds out as an investment adviser in any way, including indicating by advertisement or in any other manner that the person is a financial or investment planner, consultant or any other similar type of adviser or consultant; and

WHEREAS, section 11-101(i) of the Act defines an investment adviser representative to include a person who represents an investment adviser in rendering investment advisory services; and

WHEREAS, section 11-401(b) of the Act provides that a person may not transact business in this State as an investment adviser or as an investment adviser representative unless the person either is registered in Maryland as an investment adviser or as an investment adviser representative or qualifies for an exemption from registration; and

WHEREAS, in or about 2001 Hebert began working alongside his father providing financial services to his father's clients; and

WHEREAS, in or about November 2010, Hebert and his father started working for RSWM; and

WHEREAS, Hebert's father became registered as an investment adviser representative for RSWM, but Hebert did not; and

WHEREAS, shortly thereafter, Hebert and his father also began working for and providing services on behalf of BCG; and

WHEREAS, in or about June 2013, after having passed the Series 65 exam, Hebert expanded the financial services that he offered to clients to include financial planning and other advisory services; and

WHEREAS, Hebert began offering and providing financial planning services to clients and charging an hourly fee of \$200 for those services through his affiliation with BCG, with whom clients were required to execute a contractual agreement; and

WHEREAS, BCG is not now nor has it ever been registered as an investment adviser in the State of Maryland; and

WHEREAS, Hebert is not now nor has he ever been registered as an investment adviser or investment adviser representative in the State of Maryland; and

WHEREAS, BCG and Hebert violated section 11-401(b) of the Act by providing advisory services to clients without being registered; and

WHEREAS, section 11-402(b) of the Act provides that an investment adviser required to be registered may not employ or associate with an investment adviser representative unless the representative is registered; and

WHEREAS, BCG violated section 11-402(b) of the Act by associating with an unregistered investment adviser representative; and

WHEREAS, after passing the S65 exam, Hebert also began assisting his father with constructing portfolios for his father's clients, meeting with those clients, and implementing and monitoring investment plans for those clients ("investment management services"); and

WHEREAS, Hebert provided the investment management services through RSWM and received 50% of the fee-based compensation charged to clients, splitting the compensation with his father; and

WHEREAS, Hebert violated section 11-401(b) of the Act by providing advisory services on behalf of RSWM without being registered; and

WHEREAS, Hebert has represented to the Division that he erroneously believed that passing the Series 65 exam and waiting 30 days was all that was required for him to act as an investment adviser or investment adviser representative; and

WHEREAS, Respondents have represented that they will cease providing financial planning or other advisory services through BCG and BCG will cease acting as an investment adviser, unless BCG is properly registered or notice filed with the Division; and

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

WHEREAS, Respondents consent to the actions set forth below.

NOW, THEREFORE, it is ordered that:

1. Respondents shall permanently cease and desist from engaging in activities in violation of sections 11-401 and 11-402 of the Act and the regulations promulgated under the Act.
2. Respondents, jointly and severally, shall pay to the Division a civil monetary penalty of \$5,000 for the violations set forth in this Order.
3. Respondent Hebert shall pay to the Division an amount of \$200, representing investment adviser representative registration fees for calendar years 2013 – 2016.
4. Respondent Hebert's application for registration as an investment adviser representative for Foundations Investment Advisors, LLC is effective as of the date of this Order.
5. Respondents shall in all future activities in Maryland comply fully with the Act and the rules and regulations promulgated thereunder.

If a Respondent fails to comply with any term of this Consent Order, the Division may institute administrative or judicial proceedings against Respondent to enforce this Consent Order or to sanction the Respondent for violating an order of the Commissioner, and may take any other action authorized under the Act or any other applicable law. For the purposes of determining those sanctions, the facts and the violations of the Act set forth in this Consent Order shall be deemed admitted and may be introduced into evidence against the Respondent.

The terms of this Consent Order may only be modified by a subsequent order issued by the Commissioner.

DATE OF THIS ORDER:

SO ORDERED:

Date: September 26, 2017

**Commissioner's Signature  
On File w/Original Documents**

\_\_\_\_\_  
Melanie Senter Lubin  
Securities Commissioner

\_\_\_\_\_  
Craig Hebert

\_\_\_\_\_, 2017  
Date

Subscribed and sworn to before me  
this \_\_\_ day of \_\_\_\_\_, 2017.

Notary Public  
My Commission expires \_\_\_\_\_

\_\_\_\_\_  
River Source Wealth Management, LLC

by: Stephen Brandon Anderson

\_\_\_\_\_, 2017  
Date

Subscribed and sworn to before me  
this \_\_\_ day of \_\_\_\_\_, 2017.

Notary Public  
My Commission expires \_\_\_\_\_

\_\_\_\_\_  
Balsam Capital Group, LLC

by: Stephen Brandon Anderson

\_\_\_\_\_, 2017  
Date

Subscribed and sworn to before me  
this \_\_\_ day of \_\_\_\_\_, 2017.

Notary Public  
My Commission expires \_\_\_\_\_