#### UNITED STATES OF AMERICA Before the SECURITIES AND EXCHANGE COMMISSION

#### ADMINISTRATIVE PROCEEDING File No. 3-20531

In the Matter of

Horter Investment Management, LLC and Drew K. Horter, Judge Carol Fox Foelak

Respondents.

#### DECLARATION OF NICHOLAS MAGINA IN SUPPORT OF THE DIVISION'S MOTION FOR SANCTIONS

I, Nicholas Magina, declare under penalty of perjury pursuant to 28 U.S.C. § 1746 as follows:

1. I am a Staff Accountant with the Division of Enforcement ("Division") at the United States Securities and Exchange Commission in its Chicago Regional Office, located at 175 West Jackson Boulevard, Suite 1450, Chicago, Illinois, 60604. I have been employed as a Staff Accountant by the Division since August 16, 2021. My official duties include participating in fact-finding inquiries and investigations to determine whether the federal securities laws have been, are presently being, or are about to be violated, and assisting in the Division's prosecution of enforcement actions.

2. I received a B.A. degree in accounting from Michigan State University and a M.S. degree in accounting from Michigan State University. I have been a Certified Public Accountant in Illinois since November 5, 2009. Prior to joining the SEC, I was a Senior Manager at Ernst and Young for approximately 13 years.

3. As part of my duties, I was asked to prepare a summary chart listing 17 distributions of client funds Horter Investment Management, LLC ("HIM") made to Hannan Properties, LLC ("Hannan Properties") by wire from November 19, 2015 to March 8, 2017. The chart is attached hereto as Exhibit 1.

4. In order to complete this task, I analyzed voluminous HIM records, including client distribution request forms, the client distribution request log, and client account statements. These sources are listed on page 2 of Exhibit 1. It is my understanding that Division staff obtained all of the sources listed on Exhibit 1 from HIM, HIM clients, and other sources during the course of its investigation and produced them to Respondents.

5. For each of the 17 entries on Exhibit I, I listed the client name, authorization name, authorization date, requested distribution amount, distribution method, adviser name, entity distributed to, whether the request was listed on the HIM client distribution request log, and the log date, all of which I obtained from the sources listed on page 2 of Exhibit I.

6. I determined that the 17 wires of client funds HIM distributed to Hannan Properties by wire from November 19, 2015 to March 8, 2017 was \$728,001. I also determined that these 17 requests were made by three HIM clients, John and Mary Ruth (via J.R. Freedom Properties, LLC), Michael and Nanette Maletich, and David and Anne Heinzman. As reflected on Exhibit 1, the subtotals by HIM client are \$330,000 (Ruth), \$155,001 (Maletich), and \$240,000 (Heinzman).

7. I was also asked to review a claim brought against HIM by the Ruths, Maletichs, and Heinzmans, and HIM's settlement agreement with those claimants and determine the amount these clients claimed against HIM for these third-party distributions to Hannan

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Properties, and the amount HIM paid to these clients in settlement. The sources I reviewed are listed on page 2 of Exhibit 1.

8. I determined that the Ruths, Maletichs, and Heinzmans made claims against HIM for \$387,433.22, \$129,562.46, and \$136,499.20, respectively, for a total of \$653,494.88, arising out of the losses they incurred from HIM's distribution of their client funds to Hannan Properties. To settle these claims, HIM paid a total of \$360,000, which included \$199,482.75 to the Ruths, \$78,166.13 to the Maletichs, and \$82,351.12 to the Heinzmans. These figures are reflected on Exhibit 1.

9. I reviewed a lawsuit brought by Buddy and Gloria Scott against HIM and HIM's settlement agreement with the Scotts. These sources are listed in footnote 3 on Exhibit 1.1 determined that the Scotts claimed HIM and Hannan misappropriated \$800,000 from them during Hannan's tenure at HIM and that HIM paid the Scotts \$380,500 in settlement of that claim. Those amounts are not reflected on Exhibit 1 because it is my understanding that the Scotts did not pay Hannan or Hannan Properties through HIM by making wire distribution requests.

 Finally, Exhibits 2-5 to this Declaration are true and correct copies of the following documents:

- Exhibit 2 Feb. 27, 2017 TCA Distribution Requests for Heinzman
   Properties, LLC for \$45,000, HORTER-SECexam000702;
- (b) Exhibit 3 Excerpt of HIM Client Distribution Request Log, SEC-InvTestimony-000220-Long - SEC-InvTestimony-000238-Long;
- (c) Exhibit 4 Mar. 23, 2017 Email from Kimm Hannan to Drew Horter, et al., re Resignation, HORTER-SEC052338; and

(d) Exhibit 5 - Excerpt of Drew Horter's May 25, 2022 Deposition

Transcript.

Executed on January 9, 2023 Chicago, Illinois Magina, Nicholas

Digitally ugred by Magina, Nicholas Date: 7023 DI 09 10:50:17 06:00'

Nicholas Magina

| No. Client Name                             | Authorization                | Authorization | Requested     | Distribution | Adviser                  | Distribution To        | Listed on    | Date on                | Client Claim  | HIM           |
|---|------------------------------|---------------|---------------|--------------|--------------------------|------------------------|--------------|------------------------|---------------|---------------|
|   |                              | Date          | Distribution  | Method       |                          |                        | Distribution | Distribution           | Against HIM   | Settlement    |
|   |                              |               | Amount        |              |                          |                        | Log          | Log                    |               | Payment       |
| 1 J R Freedom Properties, LLC               | John and Mary Ruth           | 11/19/2015    | \$ 150,000 00 | By Wire      | Kimm Hannan              | Hannan Properties, LLC | No           | N/A                    |               |               |
| 2 J R Freedom Properties, LLC               | John and Mary Ruth           | 1/7/2016      | \$ 150,000 00 | By Wire      | Kimm Hannan              | Hannan Properties, LLC | No           | N/A                    |               |               |
| 3 J R Freedom Properties, LLC               | John and Mary Ruth           | 2/22/2016     | \$ 9,000 00   | By Wire      | Kimm Hannan              | Hannan Properties, LLC | No           | N/A                    |               |               |
| 4 J R Freedom Properties, LLC               | John and Mary Ruth           | 2/22/2016     | \$ 24,000 00  | By Wire      | Kimm Hannan              | Hannan Properties, LLC | No           | N/A                    |               |               |
| 5 Total for J.R. Freedom, LLC               |                              |               | \$ 333,000.00 |              |                          |                        |              |                        | \$ 387,433.22 | \$ 199,482.75 |
|   |                              |               |               |              |                          |                        |              |                        |               |               |
| 6 Michael Maletich Sr and Nanette Maletich  | Michael and Nanette Maletich | 6/23/2016     | \$ 45,000 00  | By Wire      | Kimm Hannan              | Hannan Properties, LLC | Yes          | 6/27/2016              |               |               |
| 7 Michael Maletich Sr and Nanette Maletich  | Michael and Nanette Maletich | 6/23/2016     | \$ 20,000 00  | By Wire      | Kimm Hannan              | Hannan Properties, LLC | Yes          | 6/27/2016              |               |               |
| 8 Michael Maletich Sr and Nanette Maletich  | Michael and Nanette Maletich | 8/11/2016     | \$ 15,000 00  | By Wire      | Kimm Hannan              | Hannan Properties, LLC | Yes          | 8/16/2016 <sup>1</sup> |               |               |
| 9 Michael Maletich Sr and Nanette Maletich  | Michael and Nanette Maletich | 8/18/2016     | \$ 15,000 00  | By Wire      | Kimm Hannan              | Hannan Properties, LLC | No           | N/A                    |               |               |
| 10 Michael Maletich Sr and Nanette Maletich | Michael and Nanette Maletich | 11/3/2016     | \$ 35,000 00  | By Wire      | Kimm Hannan              | Hannan Properties, LLC | No           | N/A                    |               |               |
| 11 Michael Maletich Sr (Roth IRA)           | Michael Maletich             | 2/6/2017      | \$ 18,255 00  | By Wire      | Kimm Hannan              | Hannan Properties, LLC | Yes          | 2/6/2017               |               |               |
| 12 Michael Maletich Sr (Traditional IRA)    | Michael Maletich             | 2/6/2017      | \$ 6,746 00   | By Wire      | Kimm Hannan              | Hannan Properties, LLC | Yes          | 2/5/2017               |               |               |
| 13 Total for Maletich                       |                              |               | \$ 155,001.00 |              |                          |                        |              |                        | \$ 129,562.46 | \$ 78,166.13  |
|   |                              |               |               |              |                          |                        |              |                        |               |               |
| 14 Heinzman Properties LLC                  | David and Anne Heinzman      | 8/18/2016     | \$ 50,000 00  | By Wire      | Kimm Hannan              | Hannan Properties, LLC | No           | N/A                    |               |               |
| 15 Heinzman Properties LLC                  | David and Anne Heinzman      | 8/26/2016     | \$ 50,000 00  | By Wire      | Kimm Hannan              | Hannan Properties, LLC | No           | N/A                    |               |               |
| 16 Heinzman Properties LLC                  | David and Anne Heinzman      | 12/29/2016    | \$ 4,500 00   | By Wire      | Kimm Hannan              | Hannan Properties, LLC | No           | N/A                    |               |               |
| 17 Heinzman Properties LLC                  | David and Anne Heinzman      | 12/29/2016    | \$ 45,500 00  | By Wire      | Kimm Hannan              | Hannan Properties, LLC | No           | N/A                    |               |               |
| 18 Heinzman Properties LLC                  | David and Anne Heinzman      | 2/27/2017     | \$ 45,000 00  | By Wire      | Kimm Hannan              | Hannan Properties, LLC | Yes          | 3/1/2017               |               |               |
| 19 Heinzman Properties LLC                  | David and Anne Heinzman      | 3/8/2017      | \$ 45,000 00  | By Wire      | Kimm Hannan <sup>2</sup> | Hannan Properties, LLC | No           | N/A                    |               |               |
| 20 Total for Heinzman Properties LLC        |                              |               | \$ 240,000.00 |              |                          |                        |              |                        | \$ 136,499.20 | \$ 82,351.12  |

In the Matter of Horter Investment Management, LLC and Drew K. Horter, AP File No. 3-20531 Horter Investment Management ("HIM") Client Distribution Requests to Hannan Properties, LLC: November 19, 2015 to March 8, 2017

#### TOTAL HIM CLIENT FUNDS TO HANNAN PROPERTIES

\$ 728,001.00<sup>1,3</sup>

\$ 653,494.88 \$ 360,000.00

Note: Sources listed on page 2.

<sup>1</sup> This distribution was requested on 8/16/17 and reversed on 8/17/16 (HORTER-SEC036264). A separate distribution request for \$15,000 was made on 8/18/16 (#9 above). The total amount cleared from HIM client accounts for the distribution requests listed above was \$713,001.

<sup>2</sup> Per the Distribution Log (SEC-InvTestimony-00235-Long), Hannan is listed as Heinzman Properties LLC financial adviser for the 3/1/17 distribution (#18 above). Per Hannan's Form U5 (SEC-InvTestimony-000097-Long), Hannan was terminated from HIM on 3/24/17 and Dino J. LoPresti became Heinzman's financial adviser (HORTER-SEC191004).

<sup>3</sup> Buddy and Gloria Scott (herein, "the Scotts") filed a complaint against HIM and Kimm Hannan on 3/22/2018 (HORTER-SEC028406) in which the Scotts claimed that HIM and Hannan misappropriated \$800,000. The Settlement Agreement between HIM and BG Scott Properties, LLC and Buddy and Gloria Scott, signed on 7/17/2019, indicates HIM agreed to pay \$380,500 (SEC-SECCORR-E-0002655). These amounts are not included in the above summary. It is my understanding the Scotts did not make any third-party distribution requests to Hannan Properties through HIM.

| No. | J.R. Freedom Properties, LLC Sources                      |
|-----|---|
| 1   | Distribution Request: HORTER-SEC055463 - HORTER-SEC055464 |
|     | Account Statement: HORTER-SEC191154 & HORTER-SEC191159    |
| 2   | Distribution Request: HORTER-SEC042936                    |
|     | Account Statement: HORTER-SEC191206 & HORTER-SEC191210    |
| 3   | Distribution Request: HORTER-SEC042937                    |
|     | Account Statement: HORTER-SEC191206 & HORTER-SEC191212    |
| 4   | Distribution Request: HORTER-SEC042938                    |
|     | Account Statement: HORTER-SEC191206 & HORTER-SEC191211    |
| 5   | Statement of Claim: HORTER-SEC046757                      |
|     | Settlement Agreement: SEC-SECCORR-E-0002663               |

In the Matter of Horter Investment Management, LLC and Drew K. Horter, AP File No. 3-20531 HIM Client Distribution Requests to Hannan Properties, LLC: November 19, 2015 to March 8, 2017

| No. | Michael and Nanette Maletich Sources                       |
|-----|--|
| 6   | Distribution Request: HORTER-SEC048599 - HORTER-SEC048600  |
|     | Distribution Log: SEC-InvTestimony-000238-Long (line 12)   |
|     | Account Statement: HORTER-SEC035995                        |
| 7   | Distribution Request: HORTER-SEC048601 to HORTER-SEC048602 |
|     | Distribution Log: SEC-InvTestimony-000238-Long (line 11)   |
|     | Account Statement: HORTER-SEC035995                        |
| 8   | Distribution Request: HORTER-SEC054878                     |
|     | Distribution Log: SEC-InvTestimony-000237-Long (line 8)    |
|     | Account Statement: HORTER-SEC036264                        |
| 9   | Distribution Request: HORTER-SEC045993                     |
|     | Account Statement: HORTER-SEC036256 & HORTER-SEC036265     |
| 10  | Distribution Request: HORTER-SEC035532                     |
|     | Account Statement: HORTER-SEC036603 & HORTER-SEC036610     |
| 11  | Distribution Request: HORTER-SEC067859 - HORTER-SEC067861  |
|     | Distribution Log: SEC-InvTestimony-000235-Long (line 2)    |
|     | Account Statement: HORTER-SEC-036871                       |
| 12  | Distribution Request: HORTER-SEC051749 - HORTER-SEC051751  |
|     | Distribution Log: SEC-InvTestimony-000235-Long (line 1)    |
|     | Account Statement: HORTER-SEC036851                        |
| 13  | Statement of Claim: HORTER-SEC046757                       |
|     | Settlement Agreement: SEC-SECCORR-E-0002646                |

| No. | David and Anne Heinzman Sources                         |
|-----|---|
| 14  | Distribution Request: HORTER-SEC044920                  |
|     | Account Statement: HORTER-SEC190954 & HORTER-SEC-190962 |
| 15  | Distribution Request: HORTER-SEC027940                  |
|     | Account Statement: HORTER-SEC190954 & HORTER-SEC-190962 |
| 16  | Distribution Request: HORTER-SEC068430                  |
|     | Account Statement: HORTER-SEC028013 & HORTER-SEC028026  |
| 17  | Distribution Request: HORTER-SEC068431                  |
|     | Account Statement: HORTER-SEC028013 & HORTER-SEC191008  |
| 18  | Distribution Request: HORTER-SECexam000702              |
|     | Distribution Log: SEC-InvTestimony-000235-Long (line 4) |
|     | Account Statement: HORTER-SEC191014                     |
| 19  | Distribution Request: HORTER-SEC076963                  |
|     | Account Statement: HORTER-SEC191004 & HORTER-SEC191015  |
|     | Hannan U5: SEC-InvTestimony-000097-Long                 |
| 20  | Statement of Claim: HORTER-SEC046757                    |
|     | Settlement Agreement: SEC-SECCORR-E-0002637             |

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## NON-RETIREMENT ACCOUNT DISTRIBUTION REQUEST

Institutional Advisor Services

| SEC   | TION 1: Account Owner                                   |  | Γ                           |
|-------|---|--|-----------------------------|
| TCA.  | Account Number  | Account Type                             | TCA Acc                     |
|       | unt Title   | 1220                                     | SECTION                     |
|       | man Properties, LLC<br>4 Digits of Social Security      | or Tax Identification Number             | By el<br>from the<br>wires. |
| SEC   | TION 2: Distribution Ame                                | ount                                     | Sele                        |
| Selec | t a full or partial distribution                        | on:                                      |                             |
| E     | Liquidate 🗌 In-Kind                                     | e my account, select one:                | Bank<br>Key E               |
| P:    | artial distribution, select<br>Partial cash, list amoun | all that apply:<br>t:                    | ABA                         |
|       | Gross Cash Amount<br>\$45,000                           |  | Nam<br>Hann                 |
|       | Partial securities in-kind                              | l, list securities:                      | Acco                        |
|       | Number of Shares  | Security Description / Symbol            | 🗌 By in                     |
|       | Number of Shares  | Security Description / Symbol            | TCA                         |
|       | Number of Shares  | Security Description / Symbol            | Acco                        |
|       | Additional securities                                   | information attached                     | Cont                        |
| SEC   | TION 3: Distribution Met                                | hod                                      | SECTIO                      |
| Selec | t Method:   |  | I/we auth                   |
|       | y check or security deliv                               | (AP)                                     | assets fro                  |
|       |   |  | I/we ackr<br>account r      |
|       | lect if applicable:                                     | dolivoru (net evelleble for e D.O. C.    | event an                    |
| ad    | dress). Fee may apply.                                  | t delivery (not available for a P.O. Box | correcting                  |
|       |   |  | harmless                    |

Select one (check fee may apply):

☐ To the account owner and mailed to the address on record ☐ To the account owner and mailed to the address below ☐ To the third party payee at the address below

| For the Benefit Of (FBO) i | fapplicable |     |
|----------------------------|-------------|-----|
| Mailing Address            |             |     |
| City                       | State       | Zip |



ount Number

#### N 3: Distribution Method Continued

lectronic transfer. Note: Allow 1-2 business days for delivery processed date for ACH, and the same or next business day for

> By ACH By Wire ct one:

Select one: E Checking account Savings account

oided check provided in lieu of bank information

| Bank Name<br>Key Bank                          |  |
|--|--|
| ABA (Routing) Number                           |  |
| Name on Bank Account<br>Hannan Properties, LLC |  |
| Account Number                                 |  |

nternal transfer, transfer to:

Account Number Account Type ount Title tribution Year

N 4: Signature

horize Trust Company of America (TCA) to disburse or transfer rom my/our TCA account according to the above instructions. mowledge that the origination of ACH transactions to my/our must comply with the provisions of U.S. Law, and that in the ACH entry is incorrect, TCA reserves the right to submit ng entries. By signing, I/we hereby agree to indemnify and hold is TCA, its successors and assigns, from and against any losses, claims, liabilities, damages, actions, charges, and expenses including attorney fees, resulting from your compliance with this request, including but not limited to transfer to another party.

| Account Owner or Authorized Party Signature                               | Date 2/27/2017        |  |
|---|-----------------------|--|
| Note: For custodial and legal accounts, the cus<br>conservator must sign. | stodian, guardian, or |  |
| Print Name<br>David Heinzman, member                                      |                       |  |
| pint Owner Signature, if applicable                                       | Date 2/27/2017        |  |
| Print Name ()<br>Anne Heinzman, member                                    |                       |  |

- End of Form -



TCI NONRETDIST157.7.0316

7103 South Revere Parkway, Centennial, CO 80112 - Member FDIC

Page 1 of 2

OS Received 01/23/2023

HORTER-SECexam000702

Horter Investme....<sup>1</sup>Management Client Distribution Request Log Third Party Distributions × .

| Date    | Client Name                                       | Account # | Adviser     | Ameant         | 3 <sup>rd)</sup> Rarty Payee    | Brocessor  | Authorization |
|---------|---|-----------|-------------|----------------|---------------------------------|------------|---------------|
| 2/5/17  | Michael   | -         | Hannan      | 14.746.00      | Havinan Propert                 | es Jussica | Kill          |
| 2/10/17 | Michael   | -         | Hannan      | \$18,225.00    | Hannan Propertie                | 1          | Vanh          |
| 2910    | Bence   | -         | B. Gray     | \$38,000.00    | Organic<br>Prior Vera           | Jessica    | Levic         |
| 3/1/17  | Heinzman<br>Properties                            | -         | Hannan      | a diamana and  | Hunnan Properties               |            | Vevir         |
| 5 20 17 | Dallas  | -         | Thurgood    | 8              | Donna Dallas                    | Jessicer   | Lo.r.         |
| 3/22/17 | John o Hilmi<br>MD PIELC Refire<br>John o Hilmi M |           | M. Beatrice | \$ 2,07549     | Mass Mutal 1<br>JP Morgan       | Justices   | LONA          |
| 7122/17 | PILC Resigna                                      | 3         | M. Beatrice | \$ 22,924.51   | Mass Muitail<br>JP Morgan       | Jessices   | Krild         |
| 129/17  | Nelson  | -         | D. Bergen   | \$1,000.00     | Crown of life<br>Lithern Church | Jessica    | 1L.O.M.D.     |
| 44In    | Michael   |           | B. Gray     | \$100,000      | Minnesota<br>Mutual Life        | Jussincer  | Kallt         |
| 4617    | Toper 4<br>Anne Huddlestor                        | C         | K. Morris   | #41,61426      | · Escrow Series                 | Jessica    | H.and         |
| 761     | Buskin Trust                                      |           |             | \$5,000.00     | Baskin Living<br>Trust          | Jessiver ( | Atomo Ined    |
| 41317   | Supplemental TR.                                  |           | G. Jensen   | \$2,000.00     | Alexandria<br>Walsh             | Jussiver ( | Hicrif.       |
| 1/17/17 | Dzee<br>Culhagii                                  |           | P. Sabapath | \$ \$24,000.00 | Retirement<br>Flanning Services | Jessieer   | LUAN          |

Revised 6-1-2016

OS Received 01/23/2023

SEC-InvTestimony-000235-Long

## Horter Investment Management Client Distribution Request Log Third Party Distributions

| Date     | Client Name  | Account # | Advisor      | Amount      | 3 <sup>rd</sup> Party Payee | Processor | Authorization |
|----------|--|-----------|--------------|-------------|-----------------------------|-----------|---------------|
| 10/27/10 | Honman<br>Living Thist   |           | Snyder       | \$280,000   | Doris Hohman                | Jessice   | Kicht-        |
| 11/2/16  | Ronald<br>Muller   |           | Innerbichter | \$4,000     | College (c)                 | Jessice   | XIA           |
| 11/2/10  |  |           | Innerbichler | 44,000      | Hope Luthern<br>Church (0)  | Jessicer  | LAR           |
| 11/16/16 | Contraine<br>Bross   |           | Reens        | \$100,000   | Athene                      | Jussicer  | Recall        |
| 12/13/16 |  |           | C Payne      | \$ 2910,210 | Youngwortet                 | Jessker   | Lant          |
|          | SP Forward<br>Reingurand   |           | CPayne       | \$ 2910,210 |                             | Jessirces | Kicult        |
|          | ne United  |           | CPayne       | \$ 387,503  |                             | Jessicer  | Konff         |
|          | 68 Forward<br>Rinswand   |           | CRAYNE       | \$ 608, 175 |                             | Jessicer  | M.            |
|          | 67 Forward<br>RUNSWANCE  |           | C Payne      | #2910,212   |                             | Jessice   | MA.           |
|          | Ble Forward<br>Rinsurance  |           | CPayne       | \$294,200   |                             | Jessicer  | MA            |
| 1/18/17  | and a second sec |           | B. Gray      | \$ 7,000    | Elaine<br>Wilson            | Jussian   | M             |
| 2/2/17   | Michael<br>Maletich  |           | K. Hannan    |             | Todd & Brooke<br>Maletich   | Justices  | 1LMK          |
| 2/2/17   | L & Z + L + + + - E  |           | L. Hannan    | \$9,000     | Todd + Brooke<br>Maletich   | Jessice   | KMAR          |

Revised 6-1-2016 OS Received 01/23/2023

SEC-InvTestimony-000236-Long

## Horter Investment Management Client Distribution Request Log Third Party Distributions

| Date     | Client Name                 | Account # | Advisor   | Amount                | 3 <sup>rd</sup> Party Payee               | Processor | Authorization |
|----------|-----------------------------|-----------|-----------|-----------------------|---|-----------|---------------|
| 7/6/10   | Robert L<br>Dewcliney Trust | Ł         | Eichmann  | \$300,000.00          | Robert Devolvery                          | Jessicer  | the Cast      |
| 7/11/10  | F Carolone<br>Trust-1Roger  |           | Tarno     | \$7,000.00            | Roger + Miriam<br>Takno                   | Jessicer  | Kealt         |
| 7/12/10  | Jessica<br>Taleno UTMA      |           | Takno     | \$1,800.00            | Roger + Miriam<br>Tarno                   | Jessicer  | Lodd          |
| Thalio   | K2MC,<br>Kinnison           |           | Luebke    | \$17,500.00           | City National Bank                        | L Jessice | Alinsmul      |
| 7/28/10  | JamesTaylor                 | _         | B.Smith   | \$27,274.00           | California<br>Bank + Trust                | Jessicer  | the alt       |
| 85/10    | Michael<br>Drosandere Treas |           | D. Horter | \$481,958.77-<br>Full | Michael<br>Dressander                     | Jessices  | L-CULA        |
| 8/11/10  | Trust / Roger               |           | Tarno     | \$8,000.00            | Roger & Miriam<br>Tarno Trust             | Jessica   | Hert          |
| 8/16/16  | Nanette                     |           | Hannan    | \$ 15,000.00          | Hannan<br>Doperties, LLC                  | Jessicer  | Kens          |
| 8/29/10  | F Cardone<br>Trust/Roger    | 7         | Tarno     | \$11,000.00           | Roger + Miniam<br>Takno Trust             | Jessices  | Kat           |
| 9/1/10   | Miller                      | j anj     | R. Perez  | A70,000.00            | Joines, Childers,<br>McLurkin + Donaldson | Jessica   | 1-caft        |
| 9/21/10  | Keme,<br>Kinnison           |           | Luebke    | \$50,000              | Kareen Kinnisan,                          | Jessicer. | Kend          |
| 9/21/10  | Kinnison                    |           | LUEDKE    | \$189,040.38          | North Coast<br>Escrow                     | Jessices  | Lett          |
| 10/11/10 | Dorothy<br>Thrasher         |           | Redaelli  | \$113,166.37          | E -Trade                                  | Jussicer  | 1- CAR        |

Horter Investment Management Client Distribution Request Log Third Party Distributions

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| Date    | Client Name                     | Account # | Advisor     | Amount       | 3 <sup>rd</sup> Party Payee             | Processor  | Authorization |
|---------|---------------------------------|-----------|-------------|--------------|---|------------|---------------|
| 6/3/16  | GU Forward<br>Reinsurance       |           | CORY Payne  | \$18,306.34  | YAG Management                          | Jessica    | KAL           |
| 13/14   | 65 Forward<br>Reinsurance       |           | Corry Payne | \$12,367.52  | YAG Management                          | Jessicer   | Vun           |
| 13/10   | Gle Foeward<br>Reinsurance      |           | Corry Payne | \$25,797.01  | YAG Management                          | Jessicer   | Levir         |
| 13/10   | 67 Forward<br>Reinsurance       | I         | Corry Payne | \$25,790.89  | YAG Management                          | Jessicer   | Vever         |
| 13/10   | G8 Forward<br>Reinsurance       | 1         | Cory Payne  | \$11,247.57  | YAG Management                          | tessicer   | Vev           |
| 13/10   | Ompen<br>Reinsurance            | Į.        | Corry Payne | \$34,164.31  | YAG Management                          | Jessicer   | Kluin         |
| 1/3/10  | SP Forward<br>Reinsurance       | l i       | Coey Payne  | \$ 14,541.84 | YAG Management                          | - Jessices | Kevir         |
| 13/10   | VAG<br>Reinsurance              |           | CORN Payne  | \$47,033.01  | YAG Management                          | Jessicer   | Kun           |
| hulia   | Donnalley                       |           | 1. Taylor   | \$100,000.00 | Gilla Tobias, U.P<br>Trust Account      | Jessicer   | CIX           |
|         | F Cardone<br>Trust ERIC         |           | R. Tarno    | \$3,500 00   | ERIC TARNO                              | Jessicer   | ady           |
| 27/14   | Micharell a<br>Nanette Maletich |           | Kimm Hannar | \$20,000.00  | Hannan Properties                       | Jussicer   | Kun           |
| 27/14   | g Nanette Maletich              |           | Kimm Hannan | \$45,000.00  | Hannari Properties                      | Jessicer   | Luia          |
| 1/28/14 | Kaken                           |           | R. Webke    | \$30,000.00  | Karen L Kinnison<br>Family Living Trust | Jessiver   | K=CALS        |

### Revised 6-1-2016 OS Received 01/23/2023

### OS Received 01/23/2023 CONFIDENTIAL

HORTER-SEC052338



HORTER-SEC052339



OS Received 01/23/2023 CONFIDENTIAL

HORTER-SEC052340

| <ul> <li>UNITED STATES OF AMERICA<br/>before the</li> <li>SECURITIES AND EXCHANGE COMMISSION</li> <li>ADMINISTRATIVE PROCEEDING<br/>FILE NO. 3-20531</li> <li>IN THE MATTER OF )<br/>)</li> <li>Horter Investment )<br/>Management, LLC and )</li> <li>Drew K. Horter, )<br/>)</li> <li>Respondents. )</li> <li>VIDEOTAPED REMOTE DEPOSITION OF DREW K. HORTER<br/>Wednesday, May 25, 2022</li> <li>Reported By:</li> <li>Denise Sankary, RPR, RMR, CRR,</li> <li>Job No. 220525DSA</li> </ul> | <ul> <li>REMOTE APPEARANCES:</li> <li>On behalf of the Securities and Exchange Commission:</li> <li>UNITED STATES SECURITIES and EXCHANGE COMMISSION<br/>ALYSSA A. QUALLS, ESQUIRE</li> <li>JONATHAN EPSTEIN, ESQUIRE</li> <li>175 West Jackson Boulevard, Suite 1450</li> <li>Chicago, Illinois 60604<br/>Phone: 312-886-2542</li> <li>Email: quallsa@sec.gov<br/>Email: epsteinj@sec.gov</li> <li>On behalf of the Respondents:</li> <li>NICOLE WOODS, ESQUIRE<br/>ICE MILLER</li> <li>250 West Street, Suite 700<br/>Columbus, Ohio 43215</li> <li>Phone: 317-236-2100<br/>Email: nicole.woods@icemiller.com</li> <li>ALSO PRESENT:</li> <li>Tim Hunter, Videographer<br/>Lynette Nichols, SEC Paralegal</li> </ul>  |
|--|---|
| 1  | 3   |
| <ul> <li>UNITED STATES OF AMERICA<br/>before the</li> <li>SECURITIES AND EXCHANGE COMMISSION</li> <li>ADMINISTRATIVE PROCEEDING<br/>FILE NO. 3-20531</li> <li>IN THE MATTER OF )<br/>)</li> <li>Horter Investment )<br/>Management, LLC and )</li> <li>Drew K. Horter, )</li> <li>Respondents. )</li> <li>Mespondents. )</li> <li>Tespondents. )</li> <li>Mane ending at 12:50 p.m. on Wednesday, May 25, 2022, before Denise Sankary, Certified Realtime Reporter.</li> </ul>                 | Image: space spac |

| 1  | Exhibit 49 12/10/16 E-mail from Kimm 52   | 1 MS. WOODS: Good morning. My name is   |
|--|---|---|
| -  | Hannan to Drew Horter and others  | ÷ •   |
| 2  | Subject: Update with attachment   | 2 Nicole Woods. I am a partner here at  |
| 3  | Exhibit 32 11/14/14 Form U5 for Kimm C. 56  | 3 Ice Miller. I am counsel for respondents,   |
|  | Hannan  | 4 Horter Investment Management, LLC, and the  |
| 4  |   | 5 witness, Drew K. Horter.  |
|  | Exhibit 55 04/01/16 Horter Investment 83  | 6 THE COURT REPORTER: Mr. Horter, would you   |
| 5  | Management, LLC Policies and  | 7 raise your right hand, please?  |
|  | Procedures Manual   |   |
| 6  |   |   |
| _  | Exhibit 54 05/01/15 Horter Investment 85  | 9 give today will be the truth, the whole truth,  |
| 7  | Management, LLC Policies and  | 10 and nothing but the truth?   |
| 0  | Procedures Manual   | 11 THE WITNESS: Yes.  |
| 8  |   | 12 THE COURT REPORTER: Thank you.   |
| 9<br>10  |   | 13 Thereupon:   |
| 11   |   | 1   |
| 12   |   |   |
| 13   |   | 15 having been first duly sworn, was examined and   |
| 14   |   | 16 testified as follows:  |
| 15   |   | 17 EXAMINATION  |
| 16   |   | 18 BY MS. QUALLS:   |
| 17   |   | 19 <b>Q.</b> Okay. Good morning. Mr. Horter, could  |
| 18   |   | 20 you state and spell your name for the record?  |
| 19   |   |   |
| 20   |   | A. Drew K. Horter, D-R-E-W, K., H-O-R-T-E-R.  |
| 21   |   | 22 <b>Q. Thank you</b> .  |
| 22<br>23   |   | 23 What is your occupation?   |
| 23   |   | A. Financial adviser.   |
| 25   |   | <b>Q.</b> Okay. And are you a respondent in this  |
| 20   |   |   |
|  | 5   | 7   |
|  |   |   |
|  |   |   |
| 1  | Wednesday, May 25, 2021   | 1 case?   |
| 1<br>2   |   | 1 case?<br>2 <b>A.</b> Yes.   |
|  | Wednesday, May 25, 2021<br>10:11 a.m 12:50 p.m.   | 2 <b>A. Yes</b> .   |
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|--|--|--|---|
| <ul> <li>Q. Index often do they meet?</li> <li>A. Once a quarter is the general rule or as meeded.</li> <li>Q. And are there - in their review of all of Horter's existing policies and procedures, how are they prioritizing what - which ones to look at first?</li> <li>Q. And are there - in their review of all of Horter's existing policies and procedures, how are they prioritizing what - which ones to look at first?</li> <li>Q. And are there - in their review of all of Horter's existing policies and procedures, how are they prioritizing what - which ones to look at first?</li> <li>Q. And, So you don't have any knowledge of the discription of the committee.</li> <li>Q. And you don't have a vote on the committee.</li> <li>Q. And you don't have a vote on the committee.</li> <li>Q. And you don't have a vote on the committee.</li> <li>Q. And you don't have a vote on the committee.</li> <li>Q. And you don't have a vote on the committee.</li> <li>Q. And you don't have a vote on the committee.</li> <li>Q. And you don't have a vote on the committee.</li> <li>Q. And you don't have a vote on the committee.</li> <li>Q. And you don't have a vote on the committee.</li> <li>Q. And you don't have a vote on the committee.</li> <li>Q. And you show how many there are now?</li> <li>Q. Is that still true today?</li> <li>29</li> <li>A. Slightly less than that now.</li> <li>Q. Okay. And so the branch office group will be overseeing the supervision of all of those 44 of fistle IARs, is that right?</li> <li>A. Not now.</li> <li>Q. Okay. Now, during the 2014 to 2017 time frame, is it true thay ou have any role currently in supervising IARs?</li> <li>Q. And that continued up until this Calfee firmwas retained in October 2021?</li> <li>A. When they actually formed the committee and they actually formed the committee.</li> <li>Q. Now and are net heads how the display and agreement?</li> <li>Q. And that continued up until this Calfee firmwas retained in October 2021?</li> <li>A. When they actually formed the committee.</li> <li>Q. And the tora</li></ul>   | 1  | recently.  | 1 <b>Q.</b> So it continued until February 2022?  |
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| 4       needed.       4         5       Q. And are there – in their review of all of       4         6       Horter's existing policies and procedures, how are       5         7       Q. And in 20 – and now well, withdraw       6         8       A. I guess as a group, they're deciding that.       7         9       A. Not of the process or the priority.       9         11       A. Not of the process or the priority.       9         12       A. Not of the process or the priority.       9         13       A. So now with the existence of this group,       9         14       you have stepped away from all compliance-related       16         15       Innet subtry to the fire, and discipline       16         14       A. Trait would be Lesile Green with her       17         15       A. Correct.       17       18         16       A. Correct.       17       20         17       Q. And from the 2014 to 2017 time frame, you       18         21       Q. And fut think in your answer, I think you       20         22       31       1       Q. Let's go with compliance.         23       and the committee.       20       20         24       Do you know how many there are now?<  |  |  |   |
| <ul> <li>G. And are there – in their review of all of Horters existing policies and procedures, how are first?</li> <li>Horter's existing policies and procedures, how are first?</li> <li>A. I guess as a group, they're deciding that.</li> <li>G. Okay. So you don't have any knowledge of functions; is that right?</li> <li>A. Not of the process or the priority.</li> <li>G. So now with the existence of this group, you have stepped away from all compliance-related functions; is that right?</li> <li>A. Not of the process or the priority.</li> <li>G. So now with the existence of this group, you have stepped away from all compliance-related functions; is that right?</li> <li>A. Not of the the vace to the committee.</li> <li>G. And you don't have a vote on the committee.</li> <li>G. And out don't have a vote on the committee.</li> <li>G. And I think in your answer, I think you said here were 55 IARs currently at Horter; is that right?</li> <li>A. Yes.</li> <li>G. Is that still true today?</li> <li>I A. Slightly less than that now.</li> <li>Q. Do you know how many there are now?</li> <li>A. How dub experoximating. About 45.</li> <li>G. Add what percentage of those are off-site?</li> <li>A. All but one.</li> <li>G. Okay. And so the branch office group will be overseeing the supervision of all of those 44</li> <li>off-site IARs, is that right?</li> <li>A. Not now.</li> <li>G. Okay. Mod so the branch office group will be overseeing the supervision of all of those 44</li> <li>off-site IARs, is that right?</li> <li>A. Not now.</li> <li>G. Okay. Now, during the 2014 to 2017 time frame, so it there investment's daily operations?</li> <li>A. Not now.</li> <li>G. Okay. Now, during the 2014 to 2017 time frame, is it that right?</li> <li>A. Not now.</li> <li>G. Okay. Now, during the 2014 to 2017 time frame, is it that right?</li> <li>A. For compliance would be lessife Green, it supervising IARS?</li> <li>G. Nok now has ensy role currently in supervising IARS?</li> <li>G. Okay. Now, during the 2014 to 2017 time frame, is it that righ</li></ul>   |  |  |   |
| <ul> <li>6 Horter's existing policies and procedures, how are they principalizing what which ones to look at first?</li> <li>6 A. Correct.</li> <li>7 Q. And in 20 and now well, withdraw 4 that.</li> <li>9 Who currently has the overall supervisory</li> <li>10 authority for Horter Investments' IARs?</li> <li>11 that?</li> <li>12 A. Not of the process or the priority.</li> <li>13 Q. So now with the existence of this group, they're deciding that.</li> <li>14 the tensile Green with her</li> <li>12 committee.</li> <li>14 A. So now with the existence of this group, they're deciding that.</li> <li>15 functions; is that right?</li> <li>14 A. So now with the existence of this group, they we stepped away from all compliance-related the committee.</li> <li>15 A. Yes.</li> <li>16 A. Correct.</li> <li>17 Q. And how currently, who at Horter</li> <li>18 Insta still true today?</li> <li>29</li> <li>20 A. That would be Leslie Green with Jason Long</li> <li>21 A. Slightly less than that now.</li> <li>22 Q. Do you know how many there are now?</li> <li>24 A. Yes.</li> <li>25 Q. Is that still true today?</li> <li>29</li> <li>21 A. Slightly less than that now.</li> <li>22 Correct.</li> <li>23</li> <li>24</li> <li>25 A. All but one.</li> <li>26 O. Kay. And so the branch office group will be expersion of all of those 44</li> <li>27 O. Kay. And so the branch office group will be expersion of all of those 44</li> <li>29 A. That would be Leslie Green, 13 Jason Long Becky Hartsuck, and Kevin Hetzer. For 10 operations with Kevin Hetzer as his 1 assistant.</li> <li>32 O. And what percentage of those and frame the day to day perations, and they report to me on a 2 weekly basis, if not daily. But on a regular basis were the day to day to day to day to day to day to day operations, it what day to thay to day.</li> <li>30 And that</li></ul>  |  |  |   |
| <ul> <li>7 d. And in 20 – and now – well, withdraw 4 first?</li> <li>9 A. I guess as a group, they're deciding that.</li> <li>10 Q. Okay. So you don't have any knowledge of that?</li> <li>11 A. Not of the process or the priority.</li> <li>12 A. Not of the process or the priority.</li> <li>13 Q. So now with the existence of this group.</li> <li>14 Yes. Except for when they need any group and you have stepped away from all compliance-related functions; is that right?</li> <li>16 A. Yes. Except for when they need any group and the day to don't have a vote on the final authority to hire, fire, and discipline IARs?</li> <li>16 A. Correct.</li> <li>17 Q. And this in your answer, I think you said there were 55 IARs currently at Horter; is that right?</li> <li>18 A. Slightly less than that now.</li> <li>19 Q. Okay. And so the branch office group will be overseeing the supervision of all of those 44 off site IARs; is that right?</li> <li>19 A. Correct.</li> <li>20 Okay. And so the branch office group will be overseeing the supervision of all of those 44 off site IARs; is that right?</li> <li>21 A. Slightly less than that now.</li> <li>22 20 31</li> <li>23 A. Ven they formed that committee, that program.</li> <li>24 A. Yes.</li> <li>25 A. All but one.</li> <li>26 Okay. And so the branch office group will be overseeing the supervision of all of those 44 off site IARs; is that right?</li> <li>32 A. Not now.</li> <li>33 A. Not now.</li> <li>34 A. When they formed that committee, that program.</li> <li>34 A. When they normed the 2014 to 2017 time frame, is it true that you had the utimate authority over Horer's investments policies and procedures; is that right?</li> <li>35 A. I work off the state off free frames is that right?</li> <li>35 A. When they actually formed the committee and the branch office supervisory orgam is when they report to me on a weekly basis, find taily. But on a regular basis 2 we have meetings. manager meetings.</li> <li>34 A. Correct.</li> <li>35 A. When they actually formed the committee and the br</li></ul>   | -  |  |   |
| <ul> <li>a firsi?</li> <li>b that.</li> <li>c Okay. So you don't have any knowledge of<br/>that?</li> <li>c Okay. So you don't have any knowledge of<br/>that?</li> <li>c A ves. Except for when they need any<br/>you have stepped away from all compliance-related<br/>for uncitors; is that right?</li> <li>c A ves. Except for when they need any<br/>questions of me.</li> <li>c A ves. Except for when they need any<br/>questions of me.</li> <li>c A ves. Except for when they need any<br/>questions of me.</li> <li>c A ves. Except for when they need any<br/>questions of me.</li> <li>c A not you don't have a vote on the<br/>committee.</li> <li>d A do you don't have a vote on the<br/>committee.</li> <li>d A do you don't have a vote on the<br/>committee.</li> <li>d A do you don't have a vote on the<br/>committee.</li> <li>d A for think in your answer, I think you<br/>asid there were 55 IARs currently at Horter; is that<br/>right?</li> <li>d A Slightly less than that now.</li> <li>g D sou know how many there are now?</li> <li>A libut one.</li> <li>g Do you know how many there are now?</li> <li>A All but one.</li> <li>g O Kay. And so the branch office group will<br/>be overseeing the supervision of all of those 44<br/>off site IARs; is that right?</li> <li>d A ves.</li> <li>g O Kay. Now, during the 2014 to 2017 time<br/>farme, is it true that uph 24</li> <li>d So what is your current to at<br/>supervising IARs?</li> <li>d A when did you step away from that?</li> <li>A When they formed that committee, that<br/>program.</li> <li>g O Kay. Now, during the 2014 to 2017 time<br/>farme, is it thue that uph 24</li> <li>d A ves.</li> <li>g And that continued up unit lib Calfee<br/>firm was retained in October 2021?</li> <li>A When they scalally formed the committee<br/>and the branch office supervisory program is when<br/>farme, is that right?</li> <li>A When they scalally formed the committee<br/>firm was retained in October 2021?</li> <li>A When they scalally formed the committee<br/>and the stranchings, supervisors, and they report to me on a<br/>weekly basis, if not daily. But on a regular basis<br/>weekly basis, if not daily. But on a r</li></ul>     |  |  |   |
| <ul> <li>A. I guess as a group, they're deciding that.</li> <li>G. Okay. So you don't have any knowledge of<br/>that?</li> <li>A. Not of the process or the priority.</li> <li>G. So now with the existence of this group,<br/>14 you have stepped away from all compliance-related<br/>functions; is that right?</li> <li>A. Yes. Except for when they need any<br/>questions of me.</li> <li>Q. And you don't have a vote on the<br/>19 committee.</li> <li>Q. And you don't have a vote on the<br/>19 committee.</li> <li>A. Correct.</li> <li>Q. And thut net way?</li> <li>A. Slightly less than that now.</li> <li>Q. Da you know how many there are now?</li> <li>A. Slightly less than that now.</li> <li>Q. Okay. And so the branch office group will<br/>be overseeing the supervision of all of those 44<br/>off site LRRs; is that right?</li> <li>A. Correct.</li> <li>Q. Nat, when did you step away from that?</li> <li>A. Correct.</li> <li>Q. Okay. Now, during the 2014 to 2017 time<br/>frame, is it ture that oph?</li> <li>A. Menn they formed that committee, that<br/>program.</li> <li>Q. Ckay. Now, during the 2014 to 2017 time<br/>frame, is it ture that you had the duritmat<br/>authority over Horter's investments policies and<br/>procedures; is that right?</li> <li>A. Menn they actually formed the committee,<br/>and the branch office supervising iARs?</li> <li>M. When they contain the 2014 to 2017 time<br/>frame, is it ture that you had the duritmat<br/>authority over Horter's investments policies and<br/>procedures; is that right?</li> <li>A. Mot now.</li> <li>Q. Not now.</li> <li>Q. Not now.</li> <li>A. Mot now.</li> <li>Q. Not now.</li> <li>A. Mot now.</li> <li>M. When they containg the 2014 to 2017 time<br/>frame, is it ture that you had the duritmat<br/>authority over Horter's investments policies and<br/>procedures; is that right?</li> <li>A. Mot not hey capacital of the<br/>overail management of the business.</li> <li>Q. You're not heby nearbox of the<br/>overail management of the business.</li> <li>Q. So kevin Hetzer reports to you?</li> <li>A. Correct.</li> <li>Q. Not now the tranchy the supervision in a continue apper</li></ul>                         |  |  |   |
| <ul> <li>10 authority for Hotre Investments IARs?</li> <li>11 that?</li> <li>12 A. Not of the process or the priority.</li> <li>13 G. So now with the existence of this group,</li> <li>14 A. That would be Leslie Green with her</li> <li>15 Committee.</li> <li>16 A. Ves. Except for when they need any</li> <li>17 questions of me.</li> <li>18 C. Correct.</li> <li>19 A. That would be Leslie Green with a state final authority to hire, fire, and discipline</li> <li>14 A. That would be Leslie Green with a state final authority to hire, fire, and discipline</li> <li>14 A. Torrect.</li> <li>10 authority for Horter Investment's IARs?</li> <li>10 C. Kay. And back in 2014 to 2017, you had</li> <li>14 A. Correct.</li> <li>14 A. Correct.</li> <li>14 A. Correct.</li> <li>15 A. Ald there were 55 IARs currently at Horter; is that</li> <li>16 A. Yes.</li> <li>27 A. Yes.</li> <li>28 A. Yes.</li> <li>29 31</li> <li>1 A. Slightly less than that now.</li> <li>29 31</li> <li>1 A. Slightly less than that now.</li> <li>20 O. Kay. And so the branch office group will</li> <li>20 bo you know how many there are now?</li> <li>3 A. Houd be approximating. About 45.</li> <li>3 C. Okay. And so the branch office group will</li> <li>20 C. Kay. And so the branch office group will</li> <li>21 be overseeing the supervision of all of those 44</li> <li>30 off-site IARs; is that right?</li> <li>31 A. Stightly less than that?</li> <li>4 When they formed that committee, that</li> <li>3 G. When did you step away from that?</li> <li>4 A. When they formed that committee, that</li> <li>3 G. Okay. Now, during the 2014 to 2017 time frame, solutions; is that right?</li> <li>3 A. When they actually formed the committee, that</li> <li>3 G. Okay. Now, during the 2014 to 2017 time frame, solut appendixed.</li> <li>3 G. Okay. Now, during the 2014 to 2017 time frame, solut appendixed.</li> <li>3 G. Not now.</li> <li>3 G. Okay. Now, during the 2014 to 2017 time frame.</li> <li>4 G. Charet investment's dialy operations?</li> <li>5 A. The twould be Leslie Green, 11 Jason</li></ul>  |  |  |   |
| 11       that?         12       A. Not of the process or the priority.         13       G. So now with the existence of this group,         14       the final authority to hire, fire, and discipline         14       the final authority to hire, fire, and discipline         14       the final authority to hire, fire, and discipline         15       IARs, right?         16       A. Yes, Except for when they need any         17       questions of me.         18       Q. And you don't have a vote on the         19       committee.         20       A. Correct.         21       Q. And think in your answer, I think you         22 said there were 55 IARs currently at Horter; is that right?       A. Yes.         24       A. Yes.         25       Q. Is that still true today?         26       A. Slightly less than that now.         29       29         21       A. Mak toone.         30. Okay. And so the branch office group will         11       A. Slightly less than that now.         31.       Q. And that about operations?         31.       Q. And what about operations?         31.       Q. And what about operations?         32.       A. Weli, Jason Long Becky Hartsuck  |  |  |   |
| 12       A. Not of the process or the priority.         13       Q. So now with the existence of this group,         14       You have stepped away from all compliance-related         15       functions; is that right?         16       A. Pes. Except for when they need any         17       questions of me.         18       A. M you don't have a vote on the         19       own with the existence of this group,         17       questions of me.         18       A. Correct.         20       A. Correct.         21       a. Main think in your answer, I think you         22 said there were 55 IARs currently at Horter; is that         23       G. Is that still true today?         24       A. Yes.         25       Q. Is that still true today?         26       A. Slightly less than that now.         29       29         20       X. Wen due perorizing in Ama percentage of those are off-site?         A. All but one.       Q. Do you know how many there are now?         3       A. Vesuid be approximating. About 45.         4       G. Stay, And so the branch office group will         16       O. Correct.         3       A. Correct.         4       Off-site IARs; is that   |  |  |   |
| <ul> <li>a. So now with the existence of this group,<br/>14 you have stepped away from all compliance-related<br/>functions; is that right?</li> <li>A. Yes. Except for when they need any<br/>17 questions of me.</li> <li>a. And you don't have a vote on the<br/>19 committee.</li> <li>a. A Correct.</li> <li>a. Careact.</li> <li>a. Careact.</li> <li>a. Careact.</li> <li>a. Correct.</li> <li>a. A for how currently, who at Horter</li> <li>is Investment has the final authority to hire, fire,</li> <li>a. A for corrently, who at Horter</li> <li>a. Correct.</li> <li>a. A correct.</li> <li>a. A correct.</li> <li>a. A correct.</li> <li>a. A for there were 55 IARs currently at Horter, is that<br/>right?</li> <li>b. that still true today?</li> <li>b. that still true today?</li> <li>a. Slightly less than that now.</li> <li>a. Slightly less than that now.</li> <li>b. overseeing the supervision of all of those are off-site?</li> <li>A. Not now.</li> <li>a. Not now.</li> <li>b. overseeing the supervision of all of those 44</li> <li>a. So fistile IARs, is that right?</li> <li>A. Correct.</li> <li>b. oversign the supervision of all of those 44</li> <li>a. Correct.</li> <li>b. overseeing the supervision of all of those 44</li> <li>b. off-site IARs, is that right?</li> <li>A. Not now.</li> <li>C. Okay. And so the branch office group will</li> <li>A. For compliance would be Lesile Green, with Kerin Hetzer responsible for the day-to-day</li> <li>coperations, it would be Kevin Hetzer.</li> <li>C. And now in 2022, who has oversight of</li> <li>a. The still the tonin west ments policies and</li> <li>program.</li> <li>C. Okay. And that continued up until this Calfee</li> <li>firm was retained in October 2021?</li> <li>A. When they contal the committee</li> <li>a. When they cally formed the committee</li> <li>a. When they cally formed the committee</li></ul>  |  |  |   |
| 14       you have stepped away from all compliance-related         15       functions; is that right?         16       A. Yes. Except for when they need any         17       questions of me.         18       O. And you don't have a vote on the         19       committee.         20       A. Correct.         21       O. And I think in your answer, I think you         22 said there were 55 IARs currently at Horter; is that         23       right?         24       A. Yes.         25       Q. Is that still true today?         26       A. Slightly less than that now.         29       20         29       31         1       A. Slightly less than that now.         20       A. I and would be approximating. About 45.         4       Q. And what percentage of those are off-site?         5       A. All but one.         6       O. Okay. And so the branch office group will         7       B. Correct.         9       A. Correct.         10       O. You have any role currently in         11       Supervising IARS?         11       A. Correct.         12       A. Not now.         13       O. You have any   |  |  |   |
| <ul> <li>Indictions; is that right?</li> <li>A. Yes. Except for when they need any<br/>questions of me.</li> <li>Q. And you don't have a vote on the<br/>committee.</li> <li>A. Correct.</li> <li>Q. And you don't have a vote on the<br/>committee.</li> <li>A. Correct.</li> <li>Q. And I think in your answer, I think you<br/>said there were 55 IARs currently at Horter; is that<br/>right?</li> <li>A. Yes.</li> <li>Q. Is that still true today?</li> <li>A. Slightly less than that now.</li> <li>Q. Do you know how many there are now?</li> <li>A. Isightly less than that now.</li> <li>Q. And what percentage of those are off-site?</li> <li>A. All but one.</li> <li>Q. And what percentage of those are off-site?</li> <li>A. Not now.</li> <li>G. Okay. And so the branch office group will<br/>be overseeing the supervision of all of those 44<br/>off-site IARs; is that right?</li> <li>G. Okay. And so the branch office group will<br/>be overseeing the supervision of all of those 44<br/>off-site IARs; is that right?</li> <li>G. Okay. Not now.</li> <li>G. Okay. Now, during the 2014 to 2017 time<br/>frame, is it true that you had the ultimate<br/>authority over Horter's investments policies and<br/>procedures; is that right?</li> <li>A. Yes.</li> <li>Q. And that continued up until this Calfee<br/>firm was retained in October 2021?</li> <li>A. When they formed that committee<br/>at the ranch office supervisory program is when<br/>sufficient?</li> <li>A. Mhen they formed the committee<br/>authority over Horter's investments policies and<br/>procedures; is that right?</li> <li>A. Mhen they formed the committee<br/>and the branch office supervisory program is when<br/>at the pranch office supervisory program is when<br/>at the pranch</li></ul> |  |  |   |
| <ul> <li>A. Yes. Except for when they need any questions of me.</li> <li>Q. And you don't have a vote on the committee.</li> <li>A. Correct.</li> <li>Q. And I think in your answer, I think you said there were 55 IARs currently at Horter; is that sight?</li> <li>Q. And I think in your answer, I think you said there were 55 IARs currently at Horter; is that sight?</li> <li>Q. And I think in your answer, I think you said there were 55 IARs currently at Horter; is that sight?</li> <li>Q. And I think in your answer, I think you said there were 55 IARs currently at Horter; is that sight?</li> <li>Q. And I think in your answer, I think you said there were 55 IARs currently at Horter; is that sight?</li> <li>Q. And I think in your answer, I think you said there were 55 IARs currently at Horter; is that sight?</li> <li>Q. Is that still true today?</li> <li>29</li> <li>A. Slightly less than that now.</li> <li>Q. Do you know how many there are now?</li> <li>A. I would be approximating. About 45.</li> <li>Q. Okay. And so the branch office group will be correct.</li> <li>Q. Okay. And so the branch office group will be correct.</li> <li>Q. Okay. And so the branch office group will be correct.</li> <li>Q. Okay. And so the branch office group will be correct.</li> <li>Q. Okay. Now, during the 2014 to 2017 time frame, is it true that you had the ultimate at program.</li> <li>Q. Okay. Now, during the 2014 to 2017 time frame, is it true that you had the ultimate at program.</li> <li>Q. Noten they formed that committee, that program.</li> <li>Q. Noten they actually formed the committee, at an thord or was retained in October 2021?</li> <li>A. When they actually formed the committee, and the branch office supervisory program is when at the yremoved me from those responsibilities.</li> <li>C. Correct.</li> <li>Q. So Kevin Hetzer reports to you?</li> <li>A. Correct.</li> <li>Q. And do you – and are you ultimately –</li> </ul>   |  |  |   |
| 17       questions of me.         18       Q. And you don't have a vote on the         19       Q. And you don't have a vote on the         19       Q. And you don't have a vote on the         20       A. Correct.         21       Q. And I'think in your answer, I think you         22 said there were 55 IARs currently at Horter; is that         23       right?         24       A. Yes.         25       Q. Is that still true today?         29       31         1       A. Slightly less than that now.         20       Do you know how many there are now?         A. I would be approximating. About 45.         Q. And what abour operations?         2       A. Well, Jason Long had the day-to-day         3       operations with Kevin Hetzer as his         6       n. And what abour operations?         7       A. Buy on the pracentage of those are off-site?         7       A. Buy on the pracentage of those are off-site?         8       Off-site IARS; is that right?         9       A. Correct.         9       Do you have any role currently in         11       supervising IARS?         12       A. When they formed that committee, that         17       Q. O   |  |  |   |
| <ul> <li>18 Q. And you don't have a vote on the committee.</li> <li>20 A. Correct.</li> <li>21 Q. And I think in your answer, I think you said there were 55 IARs currently at Horter; is that right?</li> <li>23 A. Yes.</li> <li>24 A. Yes.</li> <li>25 Q. Is that still true today?</li> <li>29</li> <li>21 A. Slightly less than that now.</li> <li>20 Do you know how many there are now?</li> <li>3 A. I would be approximating. About 45.</li> <li>4 Q. Okay. And so the branch office group will be everseeing the supervision of all of those 44 off-site IARs; is that right?</li> <li>3 A. Correct.</li> <li>4 O. Okay. And so the branch office group will be everseeing the supervision of all of those 44 off-site IARs; is that right?</li> <li>5 A. All but one.</li> <li>6 Q. Okay. And so the branch office group will be everseeing the supervision of all of those 44 off-site IARs; is that right?</li> <li>5 A. Not now.</li> <li>3 Q. When they formed that committee, that program.</li> <li>6 Q. Okay. Now, during the 2014 to 2017 time frame, is it true that you had the ultimate authority over Horter's investments policies and procedures; is that right?</li> <li>5 A. When they formed that committee, that program.</li> <li>7 A. When they formed that committee, that program.</li> <li>7 A. When they formed that committee, that program.</li> <li>7 A. When they formed that committee, that program.</li> <li>7 A. When they formed that committee, that program.</li> <li>7 A. Much they formed that committee, that program.</li> <li>9 A. Much at about operations with Kevin Hetzer. For operations, it would be Kevin Hetzer.</li> <li>9 A. Much at about operations and the vary on that continued up until this Calfee firm was retained in October 2021?</li> <li>9 A. When they actually formed the committee and the branch office supervisory program is when 25 they removed me from those responsibilities.</li> <li>9 A. When they actually formed the committee and the branch office supervisory program is when 26 they removed me from those responsibilites.</li></ul>   |  |  |   |
| <ul> <li>19 committee.</li> <li>A. Correct.</li> <li>Q. And I think in your answer, I think you said there were 55 IARs currently at Horter; is that 3 right?</li> <li>A. Yes.</li> <li>Q. Is that still true today?</li> <li>29</li> <li>A. Slightly less than that now.</li> <li>Q. Do you know how many there are now?</li> <li>A. I would be approximating. About 45.</li> <li>Q. And what percentage of those are off-site?</li> <li>A. All but one.</li> <li>Q. And what percentage of those are off-site?</li> <li>A. All but one.</li> <li>Q. Nat, and so the branch office group will be overseeing the supervision of all of those 44</li> <li>off-site IARs?</li> <li>Q. Kay. Now, during the 2014 to 2017 time frame, is it true that you have any role currently in supervising IARs?</li> <li>Q. When did you step away from that?</li> <li>A. Not now.</li> <li>Q. When did you step away from that?</li> <li>A. Not now.</li> <li>Q. Oxay. Now, during the 2014 to 2017 time frame, is it true that you had the ultimate authority over Horter's investments policies and procedures; is that right?</li> <li>A. When they formed that committee, that procedures; is that right?</li> <li>A. Mythen they actually formed the committee and the branch office supervisory program is when?</li> <li>M. When they actually formed the committee and the branch office supervisory program is when?</li> <li>A. When they actually formed the committee and the branch office supervisory program is when?</li> <li>M. When they actually formed the committee and the branch office supervisory program is when?</li> <li>M. When they actually formed the committee and the branch office supervisory program is when?</li> <li>M. When they actually formed the committee and the branch office supervisory program is when?</li> <li>M. When they actually formed the committee and the branch office supervisory program is when?</li> <li>M. When they actually formed the committee and the branch office supervisory program is when?</li> <li>M. When they actually formed the committee and the branch</li></ul>   |  |  |   |
| <ul> <li>A. Correct.</li> <li>Q. And I think in your answer, I think you said there were 55 IARs currently at Horter; is that right?</li> <li>A. Yes.</li> <li>Q. Is that still true today?</li> <li>29</li> <li>A. Slightly less than that now.</li> <li>Q. Do you know how many there are now?</li> <li>A. I would be approximating. About 45.</li> <li>Q. And what percentage of those are off-site?</li> <li>A. All but one.</li> <li>Q. Okay. And so the branch office group will be overseeing the supervision of all of those 44 off-site IARs; is that right?</li> <li>A. Correct.</li> <li>Q. When did you step away from that?</li> <li>A. Not now.</li> <li>Q. Okay. Now, during the 2014 to 2017 time frame, sou 20 were - who had oversight of Horter Investment's daily operations?</li> <li>A. Correct.</li> <li>Q. When did you step away from that?</li> <li>A. When they formed that committee, that program.</li> <li>Q. Okay. Now, during the 2014 to 2017 time frame, is it true that you had the ultimate program.</li> <li>Q. And, that continued up until this Calfee firm was retained in October 2021?</li> <li>A. When they actually formed the committee and the branch office supervisory program is when 25 they renoved me from those responsibilities.</li> <li>A. When they actually formed the committee and the branch office supervisory program is when 25 they renoved me from those responsibilities.</li> </ul>  |  |  |   |
| <ul> <li>21 Q. And I think in your answer, I think you said there were 55 IARs currently at Horter; is that right?</li> <li>24 A. Yes.</li> <li>25 Q. Is that still true today?</li> <li>29</li> <li>20 And haf rom the 2014 to 2017 time frame, you were - who had oversight of Horter Investment's daily operations?</li> <li>29 31</li> <li>1 A. Slightly less than that now.</li> <li>2 Q. Do you know how many there are now?</li> <li>3 A. I would be approximating. About 45.</li> <li>4 Q. And what percentage of those are off-site?</li> <li>5 A. All but one.</li> <li>6 Q. Okay. And so the branch office group will</li> <li>2 be overseeing the supervision of all of those 44</li> <li>2 A. Not now.</li> <li>3 Q. When did you step away from that?</li> <li>4 A. When they formed that committee, that program.</li> <li>9 A. Correct.</li> <li>9 A. When they formed that committee, that program</li> <li>10 Q. Ady what by our step away from that?</li> <li>A. When they formed that committee, that program</li> <li>10 Q. And what toother 2017 time frame, is it true that you had the ultimate authority over Horter's investments policies and procedures; is that right?</li> <li>10 A. Yes.</li> <li>11 Jason Long, Becky Hartsuck, and Kevin Hetzer. For compliance would be Leslie Green, 11 Jason Long, Becky Hartsuck, and Kevin Hetzer.</li> <li>10 Q. Nod that continued up until this Calfee firm was retained in October 2021?</li> <li>3 A. When they actually formed the committee and the branch office supervisory program is when 22 A. Wore net reports to you?</li> <li>3 A. When they actually formed the committee.</li> <li>3 Q. So Kevin Hetzer reports to you?</li> <li>4 A. Correct.</li> <li>9 A. A do you – and are you ultimately –</li> </ul>  |  |  |   |
| <ul> <li>22 said there were 55 IARs currently at Horter; is that right?</li> <li>24 A. Yes.</li> <li>25 Q. Is that still true today?</li> <li>29</li> <li>21 A. Slightly less than that now.</li> <li>20</li> <li>23 A. I would be approximating. About 45.</li> <li>24 daily operations?</li> <li>25 A. I would be approximating. About 45.</li> <li>26 Q. Okay. And so the branch office group will</li> <li>27 be overseeing the supervision of all of those 44</li> <li>28 off-site IARs; is that right?</li> <li>29 A. Correct.</li> <li>20 And from the 2014 to 2017 time frame, sou</li> <li>29 31</li> <li>20 C. Let's go with compliance.</li> <li>21 Q. Let's go with compliance.</li> <li>22 A. Well, Jason Long had the day-to-day</li> <li>30 operations, and I managed Jason Long as CCO.</li> <li>31 C. Let's go with compliance.</li> <li>31 A. I would be approximating. About 45.</li> <li>32 O. Okay. And so the branch office group will</li> <li>32 A. Correct.</li> <li>33 A. Correct.</li> <li>34 A. Not now.</li> <li>35 A. Not now.</li> <li>36 A. Not now.</li> <li>37 G. When did you step away from that?</li> <li>34 A. When they formed that committee, that program.</li> <li>34 A. When they formed that committee, that program.</li> <li>34 A. When they actually formed the 2017 time frame, is it true that you had the ultimate authority over Horter's investments policies and procedures; is that right?</li> <li>35 A. When they actually formed the committee and the branch office supervisory program is when at the yremoved me from those responsibilities.</li> <li>35 A. When they actually formed the committee and the branch office supervisory program is when at the yremoved me from those responsibilities.</li> <li>34 A. Orrect.</li> <li>35 A. When they actually formed the committee and the branch office supervisory program is when at the yremoved me from those responsibilities.</li> <li>36 A. Correct.</li> <li>37 A. When they actually formed the committee and the branch office supervisory program is when at they removed me from those responsible</li></ul>  | 20   |  | 0   |
| <ul> <li>right?</li> <li>A. Yes.</li> <li>G. Is that still true today?</li> <li>29</li> <li>A. Slightly less than that now.</li> <li>Q. Do you know how many there are now?</li> <li>A. I would be approximating. About 45.</li> <li>Q. And what percentage of those are off-site?</li> <li>A. All but one.</li> <li>G. Okay. And so the branch office group will be overseeing the supervision of all of those 44</li> <li>off-site IARs; is that right?</li> <li>A. Correct.</li> <li>Q. When did you step away from that?</li> <li>G. Okay. Now, during the 2014 to 2017 time frame, is it true that you had the ultimate authority over Horter's investments policies and procedures; is that right?</li> <li>G. Okay. Now, during the 2014 to 2017 time frame, is it true that you had the ultimate authority over Horter's investments policies and procedures; is that right?</li> <li>A. Yes.</li> <li>G. And that continued up until this Calfee firm was retained in October 2021?</li> <li>A. When they actually formed the committee and the branch office supervisory program is when 25 they removed me from those responsibilities.</li> <li>W. When did you step avay forger and the committee and the branch office supervisory program is when 25 they removed me from those responsibilities.</li> </ul>  | 21   |  |   |
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| <ul> <li>A. Slightly less than that now.</li> <li>Q. Do you know how many there are now?</li> <li>A. I would be approximating. About 45.</li> <li>Q. And what percentage of those are off-site?</li> <li>A. All but one.</li> <li>Q. Okay. And so the branch office group will</li> <li>be overseeing the supervision of all of those 44</li> <li>off-site IARs; is that right?</li> <li>A. Correct.</li> <li>Q. Do you have any role currently in</li> <li>supervising IARs?</li> <li>A. Not now.</li> <li>Q. When did you step away from that?</li> <li>A. When they formed that committee, that</li> <li>program.</li> <li>Q. Okay. Now, during the 2014 to 2017 time</li> <li>frame, is it true that you had the ultimate</li> <li>authority over Horter's investments policies and</li> <li>procedures; is that right?</li> <li>A. Yes.</li> <li>Q. And that continued up until this Calfee</li> <li>firm was retained in October 2021?</li> <li>A. When they actually formed the committee,</li> <li>they removed me from those responsibilities.</li> <li>they removed me from those responsibilities.</li> <li>A. Correct.</li> <li>Q. And do you - and are you ultimately</li> </ul>  |  | ,  |   |
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