

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 4851 / January 31, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18352

In the Matter of

**MOHLMAN ASSET
MANAGEMENT, LLC, and
LOUIS G. MOHLMAN, JR.,**

Respondents.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTIONS 203(e) AND
203(f) OF THE INVESTMENT ADVISERS
ACT OF 1940, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(e) of the Investment Advisers Act of 1940 (“Advisers Act”) against Mohlman Asset Management, LLC (“Respondent MAM, LLC”), and pursuant to Section 203(f) of the Advisers Act against Louis G. Mohlman (“Respondent Mohlman”) (collectively the “Respondents”).

II.

In anticipation of the institution of these proceedings, the Respondents have each submitted an Offer of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings and the findings contained in paragraph III.B. below, which are admitted, Respondents consent to the entry of this the Order Instituting Administrative Proceedings to Sections 203(e) and 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and each Respondents’ Offer, the Commission finds that:

A. Mohlman Asset Management, LLC (“MAM, LLC”), (SEC File No. 801-70508), is an Indiana Limited Liability company headquartered in Fort Wayne, Indiana that has been registered with the Commission as an investment adviser since September 2009. Louis G. Mohlman, Jr., has owned and controlled MAM, LLC since September 2009. Mohlman also owned and controlled Mohlman Asset Management Fund, LLC (“MAMF”), an investment adviser registered with the Commission between March 2010 and September 2017. He also serves as MAM, LLC’s President and CCO, and was MAMF’s managing member and CCO. Mohlman, 56 years old, is a resident of Leo, Indiana.

B. On January 17, 2018, a final judgment was entered by consent against MAM, LLC permanently enjoining it from future violations of Sections 206(1), 206(2), 206(4), and 207 of the Advisers Act and Rule 206(4)-7 thereunder, and against Mohlman, permanently enjoining him from future violations of Sections 206(1), 206(2), 206(4), and 207 of the Advisers Act and Rule 206(4)-8 thereunder, in the civil action entitled Securities and Exchange Commission v. Louis G. Mohlman, Jr. , et al., Civil Action Number 1:17-cv-00502-WCL-SLC, in the United States District Court for the Northern District of Indiana.

C. The Commission’s complaint, among other things, alleged that in 2012 and 2013, Mohlman, directly and through MAM, LLC and MAMF engaged Mohlman Asset Management Fund II (“Fund II”) in a conflicted transaction with one of MAM, LLC’s advisory clients and in another conflicted transaction used Fund II’s assets to make an unsecured personal loan to other individuals. MAMF and Mohlman made material misstatements and omissions concerning those transactions to Fund II investors. In addition, the complaint alleged that Mohlman, directly and through MAM, LLC and MAMF: 1) from 2012 to 2014, improperly used Fund II’s assets to pay MAMF’s compliance-related fees, and in 2014, two Fund I capital call obligations, and MAM, LLC’s obligation to an advisory client; 2) between July 2013 and December 2013, made misrepresentations to prospective and current advisory clients that accounting and legal firms had approved of an investment strategy they were promoting; and 3) in 2014, failed to disclose on a timely basis the financial conflict of interest created by the agreement to receive a forgivable loan from LPL Financial in exchange for clients using LPL Financial for custodial and brokerage services before clients switched to LPL. Further, the complaint alleged that from 2012 until 2013, MAMF failed to comply with Rule 206(4)-2 with respect to Funds I and II. In 2014, MAM, LLC and Mohlman filed materially inaccurate Forms ADV, Part 2A, for MAM, LLC that did not disclose the financial conflict of interest created by the forgivable LPL loan. Finally the complaint alleged that MAMF had a deficient compliance program between 2011 through present and MAM, LLC had a deficient compliance program from 2011 through 2015.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in the Respondents’ Offers.

Accordingly, it is hereby ORDERED pursuant to Section 203(e) of the Advisers Act, that Respondent MAM, LLC hereby is censured;

and FURTHER ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Mohlman be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; with the right to apply for reentry after two (2) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

Any reapplication for association by Respondent Mohlman will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against Respondent Mohlman, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

IT IS FURTHER ORDERED that within thirty (30) days of the entry of this Order, MAM, LLC shall provide a copy of the Order to each of the advisory clients of MAM, LLC by mail, e-mail, or such other method as may be acceptable to the Commission staff, together with a cover letter in a form not unacceptable to the Commission staff and will certify compliance with this requirement in writing. The certification shall provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent MAM, LLC agrees to provide such evidence. The certification and supporting material shall be submitted to Amy Cotter, Assistant Director, 175 West Jackson Boulevard, Suite 1450, Chicago, Illinois 60604 (cottera@sec.gov) with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the entry of this Order.

By the Commission.

Brent J. Fields
Secretary