

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of

ROCKWELL MANAGEMENT, LLC,
and FRANK O. DAVIES,

ORDER TO CEASE AND DESIST
(SUMMARY)

File No. S-230378 (EX)

Respondents.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (“the Division”), having authority to administer and provide for enforcement of the Wisconsin Uniform Securities Law, Wis. Stats. Chapter 551, (“WUSL”), and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order directing Respondents to immediately Cease and Desist from violating the WUSL.

Based upon the evidence obtained by the Division’s Bureau of Enforcement, there are grounds sufficient for the Administrator to make the following findings of fact and conclusions of law:

RESPONDENTS

1. Rockwell Management, LLC (“Rockwell”) is a Florida limited liability company organized on October 15, 2012 and managed by a manager, Rockwell Property Management LLC (“RPM”), with a last known business address of 3275 West Hillsboro Boulevard, Suite 307, Deerfield Beach, Florida 33442.
2. Frank O. Davies (“Davies”) is an adult born in October 1977, who at all times material hereto has been the founder and controlling person of Rockwell, and the President of RPM, with a last known business address at Rockwell and a residential address of 7230 Serrano Terrace, Delray Beach, Florida.

FINDINGS OF FACT

3. On July 13, 2011, the Indiana Securities Commissioner entered into a consent order with Davies and Rockwell Gold Investments (an entity he controlled) for sales of unregistered silver investments in Indiana. (See Exhibit A attached hereto).
4. On May 23, 2013, the Commodities Futures Trading Commission (“CFTC”) issued a subpoena to Davies and Rockwell Asset Management, Inc., (an entity he controlled) to produce a detailed list of documents to the CFTC by June 6, 2013 in connection with its investigation of Davies for conducting unlawful commodities transactions. This proceeding resulted in an April 7, 2014 consent order between the CFTC and Davies, individually and on behalf of his entity, for allegations of illegal, off-exchange commodities transactions.
5. In June of 2013, Davies contacted a Wisconsin resident by telephone to offer an investment opportunity in membership interests of Rockwell, and sent the Wisconsin resident a copy of the Investment Letter and Consent and Joinder documents by Federal Express.

6. On or about June 13, 2013, the Wisconsin resident completed the Investment Letter and Consent and Joinder documents, and on or about June 21, 2013 sent the executed documents back to Davies by courier service along with a personal check in the amount of \$25,000 to be invested in Rockwell.
7. The Wisconsin investor made additional investments of \$25,000 and \$50,000 in August, 2013.
8. Rockwell distributed a Private Placement Memorandum ("PPM") dated February 14, 2013 for distribution to prospective investors, which states at p. 23 that Davies "has been a commodities broker trading in oil, indexes, gold and silver futures and options. Mr. Davies has been the CEO of Rockwell Asset Management, Inc. since 2008 where he is engaged in buying and selling precious metals for investors. Mr. Davies has also been the president of Frank Davies Financial Management Inc. since 2006 where he has been a financial consultant for private equity and oil drilling operations throughout the U.S."
9. Davies never disclosed the consent order with the Indiana Securities Commissioner to the Wisconsin investor prior to any of his investments in Rockwell, nor was it disclosed in the PPM.
10. Davies never disclosed that Davies and one of his affiliated entities were involved in a CFTC investigation to the Wisconsin investor prior to his investments in Rockwell.

CONCLUSIONS OF LAW

11. The limited liability company interests in Rockwell are securities as defined by Wis. Stat. § 551.102(28).
12. The Rockwell interests were never registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats., at the time of the offer to the Wisconsin investor.
13. Respondents violated Wis. Stat. § 551.301 by offering and selling unregistered securities in Wisconsin.
14. Respondents violated Wis. Stat. § 551.501(2) when, in connection with the offer and sale of securities to a person in Wisconsin, Davies omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, including but not limited to the Indiana consent order and the CFTC investigation.

Therefore, pursuant to Wis. Stat. § 551.604(2),

IT IS ORDERED THAT:

- a. RESPONDENTS, their agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on behalf of either RESPONDENT, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Wis. Stats. Ch. 551 or successor statute.

b. All exemptions from registration set forth at Wis. Stats. Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by any of the RESPONDENTS, their successors, affiliates, controlling persons, and every entity and person directly or indirectly controlled or organized by or on behalf of either RESPONDENT, are hereby revoked.

c. RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of either RESPONDENT, are prohibited from violating Wis. Stats. Ch. 551 or successor statute that might otherwise apply to any offer or sale of a security of or by RESPONDENTS.

EXECUTED at Madison, Wisconsin, this 16th day of March, 2015.

(SEAL)



Patricia D. Struck
Administrator
Division of Securities