

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:

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Strudwick & Associates, Inc. dba
Strudwick Wealth Strategies, Inc.

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Securities Docket No. 2018-0765

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and

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Martin Barry Strudwick

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Monterey del Pacifico Partners LLP

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Costa Reit Mid-South LLC

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Del Pacifico Hotel Partners SA

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Respondents

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ORDER TO SHOW CAUSE

WHEREAS, the Securities Division of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2014 Repl. Vol. and 2018 Supp.) (the “Act”), undertook an investigation into the securities and investment advisory-related activities of Strudwick & Associates dba Strudwick Wealth Strategies, Inc., Martin Barry Strudwick, Monterey del Pacifico Partners LLP, Costa Reit Mid-South LLC, and Del Pacifico Hotel Partners SA, (collectively, “Respondents”); and

WHEREAS, on the basis of that investigation the Maryland Securities Commissioner (the

“Commissioner”) has found grounds to conclude that Respondents have engaged in acts or practices constituting violations of the registration and antifraud provisions of the Act; and

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

NOW THEREFORE, pursuant to sections 11-301(2) and (3), 11-302(a)(2) and (3), 11-302(c), 11-303, 11-411(d), and 11-501 of the Act, it is hereby:

ORDERED, that Respondent SWS and Respondent Strudwick show cause why a final order should not be issued revoking their registrations as an investment adviser and investment adviser representative, respectively, and that each Respondent show cause why a final order should not be issued against each Respondent imposing on each Respondent a permanent bar from engaging in the securities and investment advisory business in Maryland, any other lawful penalty under the Act, and a statutory penalty of up to \$5,000 per violation.

I. JURISDICTION

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

II. RESPONDENTS

2. At all times relevant to this matter, Strudwick & Associates dba Strudwick Wealth Strategies, Inc. (“SWS” or “Respondent SWS”) has maintained a place of business in Baltimore, MD. SWS was notice filed or registered with the Division as an investment adviser from November 6, 1990 until December 31, 2016, when it failed to timely renew its registration. SWS’s registration was reinstated as of January 1, 2017 pursuant to an Interim Order.

3. At all times relevant to this matter, Martin Barry Strudwick (“Strudwick” or “Respondent Strudwick”) has maintained a place of business in Baltimore, MD. Strudwick was

registered with the Division as an investment adviser representative from March 11, 1999 until December 31, 2016, when he failed to timely renew his registration. Strudwick's registration was reinstated as of January 1, 2017 pursuant to an Interim Order.

4. Monterey del Pacifico Partners LLP ("MDPP" or "Respondent MDPP") is a Maryland limited liability limited partnership that was organized in 2003. Strudwick is the general partner of MDPP.

5. Costa Reit Mid-South LLC ("CRMS" or "Respondent CRMS") is a Maryland limited liability limited company that was organized in 2004. CRMS was founded by Strudwick.

6. Del Pacifico Hotel Partners SA ("DPHP" or "Respondent "DPHP") is a company organized under the laws of Costa Rica. DPHP was founded by Strudwick.

III. STATEMENT OF FACTS

On information and belief, the Commissioner alleges the following as the basis for this Order:

7. Strudwick is the sole owner and president of SWS, an investment adviser that has been registered or notice filed with the Division since 1990.

8. Beginning in or before 2003, Strudwick also began offering investors or SWS clients the opportunity to invest in partnerships or limited liability companies that he founded or co-founded (the "related entities") for the purpose of investing in real-estate and other projects in foreign countries, with an emphasis on investments in Costa Rica.

9. In addition to founding or co-founding the related entities, Strudwick often served as the general partner, general manager, managing partner, executive director to the related entities. According to SWS's Form ADV filed with the Division in October 2012, the estimated market value of the investments for which Strudwick served as "managing partner was

\$50,000,000” as of March 2011.

10. SWS operated out of an office located in Baltimore, MD and shared the office location with the related entities.

11. SWS and the various related entities also shared some of the same employees.

Blurring the Lines between SWS and Investment Opportunities offered by Strudwick

12. Strudwick often blurred the lines between the advisory services offered by SWS and the investment opportunities offered through the related entities.

13. Strudwick used SWS’s website, www.noload.com, not only to market the traditional advisory services that it offered to clients, but also to market the alternative investment opportunities offered by him and his related entities.

14. SWS’s website often contained pages marketing the Costa Rica-related or real-estate related investment opportunities offered by Strudwick or the related entities as well as other opportunities to invest in real-estate (the “alternative investment opportunities”). The website also contained direct links to articles or publications that discussed the alternative investment opportunities offered by Strudwick or the related entities.

15. According to SWS’s website, the portfolios managed by SWS “include[d] non-dollar denominated hard assets such as commodities and real estate, along with selected equities and bonds—all packaged for maximum flexibility and tax efficiency using exclusive techniques such as our OmniAsset IRA, Offshore Tax Shield. . .”

16. SWS’s website had a page entitled “Alternative Investments” which discussed Strudwick’s role as the co-founder and executive director of Del Pacifico at Esterillos. The page described the “exceptional opportunities in condominiums and single family homes” offered by the “community of Del Pacifico” and noted that “experienced investors will also find an

attractive array of development opportunities.” The page then directed viewers to Del Pacifico’s webpage, www.delpacifico.net.

17. A section of SWS’s website entitled Press and Podium often spotlighted articles related to Strudwick’s investment activities. One such article was a July 2006 interview of Strudwick by the Investment Advisor magazine. In this article entitled *Going South for Alternative Investments*, Strudwick was described as a Baltimore-based financial advisor who had “put together a partnership of 10 of his clients to purchase a \$1.75 million, 350-acre swath of land on the Pacific coastline of Costa Rica.” According to the article, Strudwick believed that:

non-traditional, non-U.S. dollar denominated assets such as Costa Rican real estate are really the future of investing for retirement . . . so it would be wise for those who can afford it to diversify away from dollar-denominated financial assets into non-dollar, hard assets.” The article went on to state: “Costa Rica is structured as a stock transaction, so its shares can be purchased inside an IRA account with pre-tax dollars, Strudwick says. The venture has already proved successful enough for Strudwick to close a first vehicle, Costa Reit I, and he is now raising funds for Costa Reit II. However, for those who do not want this level of commitment, Strudwick also offers the possibility for clients to simply purchase a condo unit in either the Del Pacifico property or in any upcoming projects that Costa Reit might build, he says.

18. Strudwick and SWS published a newsletter called Mutual Perspectives, which was posted on SWS’s website. In one issue of the newsletter published in late 2004, Strudwick invited the “friends and followers of Del Pacifico, Strudwick Wealth Strategies and Costa Reit” to join him in Costa Rica for a four day “get-together to discuss Globalization and New Investment Opportunities while meeting new friends and learning about Costa Rica!”

19. In another issue of the Mutual Perspectives newsletter, Strudwick wrote an article entitled *The Omni Asset IRA* in which he questioned the financial motives of brokers and financial advisors who recommended packaged products for IRA accounts, and discussed the

virtues of investing in alternative investments through an IRA account, stating: “If you’re tired of being captive to your custodian, we’ve found a solution so flexible you can even use your IRA account to invest in something as exotic as a beachfront condo in Costa Rica.” The article went on to state that the “Omni-Asset IRA Account can be a powerful strategic tool” for a “creative investor looking to dedicate a portion of [his or her] retirement account to alternative investments” and encouraged those who wanted more information on the Omni-Asset IRA concept or how it works to contact Strudwick or Dan Somerville, an investment adviser representative for SWS, providing SWS’s name, street address, and email address as the point of contact.

20. Another newsletter published by Strudwick and posted on SWS’s website, called *The Globalist Quarterly*, actively promoted foreign real estate investment opportunities. A January 2010 edition of the newsletter stated: “Special Pre-Release - New International Real Estate Opportunity Under \$100,000 . . . Lots start at under \$100,000. Eligible for IRA Investment! For details, please contact us!”

21. The lack of separation that existed between Strudwick’s advisory business and the real estate investment opportunities offered through his related entities and the fact that Strudwick incorporated the real estate investments into his investment advice is further illustrated in an email exchange between Strudwick and an SWS advisory client. In an October 5, 2005, email from an advisory client to Strudwick and another SWS employee, the client asked Strudwick for investment advice regarding his investment in Del Pacifico:

I am writing you as my investment adviser, not as Executive Director. My inclination is to maintain my modest investment in the project. My only concern is my increasing desire to retire (which will not happen for another two or three years- I hope) I believe that down the line the Del Pacifico investment will be

worth more - all risks considered- than if I were to opt out now and invest the money as we have been doing over these past several years. I would appreciate your counsel.

In his reply to the client, Strudwick provided that advice:

“This investment is less than 5% of your net worth. As your investment advisor, I’d recommend that you stay in . . . You’ll likely have all your capital back before you retire and then you’d have a profit stream during your retirement years. There is also the reinvestment risk of where you would put the money if you cashed out. I’m really not overly excited with the options in the markets right now. Private equity and in particular foreign real estate has a place in your investment portfolio right now.”

22. In Form ADV filings made with the Division, SWS has claimed that the investment opportunities offered by him and his related entities are separate from his advisory business, disclosing that “participation in these projects is entirely separate from and independent of the investment strategy and the client of Strudwick Wealth Strategies. . . These assets are not considered to be under the discretionary and non-discretionary management of SWS and the firm does not charge advisory fees for these assets.”

23. However, as discussed above, the separation described in SWS’s Form ADV was not so clear cut in practice. Strudwick did not always separate the investment opportunities offered through his related entities from the advisory services offered through SWS and often commingled the two.

Direct Investments in Costa Rican real estate

24. As discussed above, Strudwick offered investors the opportunity to invest in Costa Rican real estate through IRA accounts.

25. Husband and wife, KM and CM, were one of those investors. KM and CM also were advisory clients of SWS, having entered into an advisory agreement with SWS in March

2009.

26. In May 2009, KM and CM entered into a purchase and sale agreement to acquire an undeveloped lot at a developing resort known as Del Pacifico for \$265,000. The purchase was solicited and recommended by Strudwick, and was sold by Monterey De Playa S.A., a Costa Rican company Strudwick owned and/or controlled. KM and CM acquired the property by acquiring 100% of the shares or membership interests in a Costa Rican limited liability company that owned the lot.

27. KM and CM's purchase of the lot was substantially funded with assets they held in their money market account at Charles Schwab, \$110,000 of which was held in two IRA accounts at Charles Schwab. At the recommendation of Strudwick and SWS, KM and CM transferred the assets from their Charles Schwab IRA accounts to self-directed IRA accounts at Equity Trust, a third party IRA custodian. Stacey Murray ("Murray"), a dual SWS and Del Pacifico employee acting at Strudwick's direction, helped establish the IRA accounts for KM and CM by forwarding the paperwork for the two IRAs to Equity Trust and preparing the subscription agreements associated with the investment. Murray also requested and worked with Equity Trust to expedite the transfer of KM and CM's assets from Charles Schwab. When told there would be a \$50 expedited transfer fee per account, Murray told the Equity Trust representative that SWS would pay the fees and provided Equity Trust with Strudwick's credit card information.

28. The investment represented a significant percentage of KM's and CM's liquid net worth.

29. In December 2008, prior to the acquisition, KM and CM received several solicitations from Strudwick or his employees relating to the Del Pacifico investment

opportunity. On December 19, 2008, Murray sent KM and CM a letter stating, in part:

Here's what Barry described as the 'hard asset investment with a solid floor.' With T-Bills now yielding 0% and the government bailout likely leading to hyper inflation, the idea of purchasing a building lot at Del Pacifico makes a lot of sense. **Del Pacifico has a special opportunity to purchase lots with a guaranteed 25% return after 3 years and a 40% return after 5 years. . .** However, if at the end of the agreed term, you can also sell the lot back to Del Pacifico at their contracted price.

That same day, an email was sent by Strudwick to potential investors. The email marketed the opportunity to join Strudwick on an upcoming Del Pacifico conference call to discuss a "hard asset investment with a solid floor." The email noted that t-bills were currently at 0% and stated, "you can purchase a building lot in Costa Rica's Del Pacifico Resort . . . and if you decide not to build in the next five years, we will repurchase the lot for a 40% appreciation." An identical or almost identical email reminding KM and CM and other potential investors of the conference call was sent by Strudwick on December 30, 2008.

30. The 5 year buy-back option promised to KM and CM was later reinforced by Strudwick and Murray. In one instance, in an email exchange in April 2009, KM asked Strudwick and Murray what they would do with the Equity Trust IRA accounts when they sold the lot back to Del Pacifico after the five year period, and Strudwick responded, "At this point in time you would have cash in your IRA account which you would then consolidate back to your IRA at Schwab and close the alternative asset IRA. Very simple to do."

31. Strudwick did not question or deny the existence of the 5 year buy-back guarantee.

32. As the time grew near for KM and CM to resell their lot back to Del Pacifico, KM contacted Strudwick to notify him of their intent to sell the lot back to Del Pacifico. In an email

dated October 16, 2013, KM wrote to Strudwick with a cc: to Murray, regarding the “funds we have in our accounts that are invested in the Del Pacifico lot.” KM advised Strudwick that she and her husband “intend to return the property at the end of 5 years (which will be next year) for the 40% investment offered with the buy-back program that we’re currently in. How should we proceed?”

33. In the same email, triggered by a notice received from Equity Trust requesting a fair market valuation of the lot, KM asked if Strudwick or Murray should provide the valuation to Equity Trust on their behalf.

34. Murray responded to KM’s email by stating that she could complete the fair market value form. However, neither Murray nor Strudwick addressed KM’s expressed desire to return the real estate investment property at the end of the 5 year period for the 40% return promised to KM and CM.

35. In December 2013, KM and CM met with Strudwick to discuss the 5 year buy-back option, which was set to mature in May 2014. At this meeting, Strudwick for the first time told KM and CM that the Del Pacifico was illiquid and lacked the cash to repurchase the lot due to the collapse of the Costa Rican real estate market and other events at Del Pacifico.

36. KM and CM, New Hampshire residents, filed a complaint with the State of New Hampshire Bureau of Securities Regulation (“NH Bureau”). The NH Bureau investigated the matter and, on June 13, 2018, issued a Consent Order wherein Respondents SWS and Strudwick agreed to pay restitution to KM and CM in the amount of \$265,000.

37. The money back guarantee offered by Strudwick also was referenced in a May 2009 International Herald Tribune article posted to SWS’s website. The focus of the article was on the growing trend of “long-term investor[s] seeking an alternative to stocks and other

financial instruments” through the purchase of residential developments. The article started out by discussing JB, a Baltimore restaurateur, who had recently purchased a plot of land in Costa Rica, not because he was planning to build his dream house or retire in Costa Rica, but because he was looking for a way to diversify his investments. According to the article, JB had recently purchased a half-acre parcel of land in Del Pacifico at Esterillos from Strudwick for \$225,000. According to JB, “it offered a modest positive return and a good place to park some of my portfolio.” The article went on to discuss how “Mr. Strudwick recently started offering a **guaranteed repurchase plan for buyers who are willing to hold on to their properties for at least five years.**” Emphasis added.

38. The Division has reason to believe that JB also was an advisory client of SWS and the monies used to fund the land purchase were transferred from JB’s Charles Schwab account.

39. The Division also has reason to believe that others, including advisory clients of SWS, were solicited by Respondents SWS and Strudwick or their related entities to invest in the real estate projects. However, as discussed in detail below, Respondents SWS and Strudwick have refused to provide the Division with information relating to other investors who, like KM and CM and JB, may have purchased real property from and at the recommendation of Respondents SWS and Strudwick or their related entities through the acquisition of interests in an LLC or partnership. Like KM and CM, some of those investors also may have been advisory clients of Respondents SWS and Strudwick.

40. It is a breach of a fiduciary’s duty to its clients to benefit one similarly situated client over another. Respondents SWS and Strudwick agreed to pay restitution to KM and CM, but there may be other similarly situated advisory clients that SWS and Strudwick have not

agreed to pay back.

Failure to Comply with Interim Order

41. Respondents SWS and Strudwick failed to timely renew their investment adviser and investment adviser representative registrations, respectively, for calendar year 2017.

42. On June 14, 2018, the Commissioner issued, and Respondents SWS and Strudwick consented to the issuance of, an Interim Order.

43. The Interim Order reinstated the investment adviser and investment representative registrations of Respondents SWS and Strudwick, but required Respondents SWS and Strudwick to acknowledge the Division's on-going investigation of their prior securities and advisory activities. The Order further required Respondents SWS and Strudwick, and they agreed, to fully cooperate in the Division's on-going investigation of their prior activities and the activities of persons or entities related to them, and to acknowledge that the renewal of their registrations must be affirmatively approved by the Division.

44. In a letter to Respondents SWS and Strudwick dated July 16, 2018, the Division requested that they provide the Division with certain information relating to the Division's on-going investigation. Two of the Division's requests asked Respondents SWS and Strudwick to identify or provide information relating to those persons who acquired real estate from, or invested in real estate through, Mr. Strudwick or any entities owned or controlled by him where the transaction involved the purchase of equity interest in LLCs, limited partnerships or similar vehicles. Respondents SWS and Strudwick refused to provide this information, arguing that the "documents are beyond the scope of Strudwick Wealth Strategies' investment advisory activities."

45. As part of the cooperation agreement, Respondents SWS and Strudwick agreed to

provide the Division with certain quarterly reports on the status of the outstanding investments with Strudwick or his related entities, including “quarterly reports on the status of the remaining investments involving the purchase by an investor of 100% of the interests in an LLC or partnership through which real property was purchased by the investor.”

46. On October 10, 2018, Respondents SWS and Strudwick provided the Division with a quarterly report, but the report did not provide the Division with an update on the status of the investments involving the purchase by an investor of 100% of the interests in an LLC or partnership through which real property was purchased by the investor.

47. Respondents SWS and Strudwick have not fully complied with the terms of the Interim Order.

Failure to Register or Exempt from Registration Certain Securities Offerings

48. Monterey del Pacifico Partners LLP is a Maryland limited liability limited partnership that was organized in 2003. Strudwick was the general partner of MDPP with the “responsibility for all aspects of the partnership’s operations.” MDPP maintained a place of business in Baltimore and operated out of the same office location as SWS.

49. MDPP was formed to “purchase three hundred forty acres of real estate located in Costa Rica” that would eventually be developed and sold.

50. Investors were solicited by Strudwick or MDPP employees to purchase limited partnership interests in MDPP.

51. Investors could subscribe to the investment by delivering a signed subscription agreement to Strudwick at his Baltimore office.

52. Strudwick and MDPP offered at least twenty-one people the opportunity to purchase partnership interests in MDPP. Sixteen investors purchased partnership interests,

including eleven Maryland residents and five of SWS's advisory clients.

53. Strudwick and MDPP filed a Form D with the SEC, but no filing was made with the State of Maryland on behalf of the securities offering.

54. There is no record of registration, claim of exemption from registration, or qualification as a federal covered security filed with the Division by or on behalf of the MDPP offering.

55. Costa Reit Mid-South LLC is a Maryland limited liability limited company that was organized in 2004. Strudwick was the founder of CRMS and one of its promoters. CRMS maintained a place of business in Baltimore and operated out of the same office location as SWS.

56. CRMS was formed to acquire and develop land in Central America.

57. Beginning in late 2004, investors were solicited to purchase and purchased LLC interests in CRMS.

58. Strudwick and CRMS filed a Form D with the SEC, but no filing was made with the State of Maryland on behalf of the securities offering.

59. There is no record of registration, claim of exemption from registration, or qualification as a federal covered security filed with the Division by or on behalf of the CRMS offering.

60. Del Pacifico Hotel Partners SA is a company organized under the laws of Costa Rica. DPHP was founded by Strudwick for the purpose of acquiring and operating the Xandari Resort. DPHP maintained a place of business in Baltimore, MD and operated out of the same office location as SWS.

61. Beginning in or about 2010, Strudwick and DPHP employees began offering investors the opportunity to invest in DPHP.

62. Strudwick and DPHP offered and sold equity interests in DPHP to investors, including at least one advisory client.

63. There is no record of registration, claim of exemption from registration, or qualification as a federal covered security filed with the Division by or on behalf of the DPHP offering.

Failure to Disclose or to Make Timely Disclosures

64. On or about April 28, 2017, the NH Bureau initiated an investigation into the securities-related activities of SWS and Strudwick.

65. On or about June 13, 2018, the NH Bureau issued, and without admitting or denying the allegations in the order, SWS and Strudwick consented to the entry of, a Consent Order that ordered SWS and Strudwick to cease and desist from violating N.H. RSA 421-B, imposed a \$10,000 fine against SWS and Strudwick, ordered that SWS and Strudwick pay restitution of \$265,000, and prohibited MBS and Strudwick from seeking a securities license in New Hampshire until the restitution is paid in full.

66. SWS and Strudwick did not amend their Form ADV Part 1 and Form U4, respectively, to disclose the NH Bureau investigation or the Consent Order until September 6, 2018. SWS's Form ADV Part 2A and Strudwick's Form ADV Part 2B have not yet been amended to disclose the terms of the NH Bureau Consent Order.

67. On June 14, 2018, the Commissioner issued, and SWS and Strudwick consented to the issuance of, an Interim Order that ordered SWS and Strudwick to fully cooperate with the Division's on-going investigation into their securities and advisory activities and the activities of their related persons, placed restrictions on SWS and Strudwick's investment advisory activities and their securities activities, and required them to pay back registration fees.

68. SWS and Strudwick did not amend their Form ADV and Form U4, respectively, to disclose the Interim Order until September 6, 2018. SWS's Form ADV Part 2A and Strudwick's Form ADV Part 2B have not yet been amended to disclose the terms of the Interim Order.

69. On or about October 17, 2017, a judgment or lien was entered against Strudwick in the amount of \$15,000. The judgment or lien was obtained by RH in connection with a real estate related investment. Strudwick did not amend his Form U4 to disclose the judgment or lien until September 6, 2018. The judgment or lien is still outstanding.

70. In Form ADV filings made with the Division, SWS and Strudwick failed to disclose that advisory clients were solicited to invest in the real estate investments offered by Strudwick or his related entities, and failed to disclose the conflicts of interest associated with such investments.

71. SWS did not file an annual amendment or any amendment to its Form ADV for calendar years 2014 – 2016.

COUNT I
(Offer and Sale of Unregistered Securities – section 11-501)

WHEREAS, section 11-501 of the Act makes it unlawful for any person to offer or sell a security in this State unless the security is registered, is exempt from registration under the Act, or is a federal covered security; and

WHEREAS, section 11-101(r) of the Act defines “security” to include any note, stock, bond, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, and investment contract; and

WHEREAS, the investments in MDPP, CRMS, and DPHP are stocks, evidences of

indebtedness, certificates of interest or participation in any profit-sharing agreement, or investment contracts, and thus securities within the meaning of section 11-101 of the Act; and

WHEREAS, the investments in MDPP, CRMS, and DPHP were offered and sold by Respondents; and

WHEREAS, there is no record of registration, a claim of exemption from registration, or qualification as a federal covered security filed with the Division by or on behalf of the investments offered by Respondents; and

WHEREAS, Respondents have offered and sold securities in violation of the registration requirements of section 11-501 of the Act;

IT IS **ORDERED** that each Respondent show cause why a final order should not be issued against it, assessing that Respondent the statutory penalty of \$5,000 per violation of section 11-501 of the Act, imposing on each Respondent any other lawful penalty under the Act, and permanently barring that Respondent from the investment advisory and securities business in Maryland.

COUNT II
(Misrepresentation and Omission of Material Facts in Connection
With the Offer and Sale of Securities – sections 11-301(2) and (3))

WHEREAS, sections 11-301(2) and (3) of the Act prohibit any person, in connection with the offer, sale or purchase of any security, directly or indirectly to make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit on any person; and

WHEREAS, the investments offered or sold by Respondents are "securities" within the

meaning of section 11-101 of the Act; and

WHEREAS, Respondents failed to disclose to investors that the securities issued by MDPP, CRMS, and DPHP should have been registered, or an exemption or notice filing should have been made on behalf of the offerings;

WHEREAS, Respondents violated section 11-301(2) and (3) of the Act;

IT IS **ORDERED** that each Respondent show cause why a final order should not be issued against it, assessing that Respondent the statutory penalty of \$5,000 per violation of sections 11-301(2) and (3) of the Act, imposing on each Respondent any other lawful penalty under the Act, and permanently barring that Respondent from the investment advisory and securities business in Maryland.

COUNTS III and IV
(Fraud in Connection with the Offer and Sale of Investment Advice –
sections 11-302(a)(2) and (3) and 11-302(c))

WHEREAS, sections 11-302(a)(2) and (3) of the Act make it unlawful for any person who receives, directly or indirectly, any consideration from another person for advising the other person as to the value of securities or their purchase or sale, or for acting as an investment adviser or representative under §11-101(h) and (i) of this title, whether through the issuance of analyses, reports, or otherwise, to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit on the other person, or to engage in dishonest or unethical practices; and

WHEREAS, section 11-302(c) of the Act makes it unlawful, in the solicitation of or in dealings with advisory clients, for any person willfully to make any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; and

WHEREAS, Respondents SWS and Strudwick failed to disclose to investors that the securities issued by MDPP, CRMS, and DPHP should have been registered, or an exemption or notice filing should have been made on behalf of the offerings; and

WHEREAS, Respondents Strudwick and SWS and its employees falsely represented to advisory clients that their investments in Del Pacifico were subject to a guaranteed 25% return after 3 years and a 40% return after 5 years; and

WHEREAS, SWS and Strudwick recommended that advisory clients KM and CM invest in Del Pacifico; and

WHEREAS, the investment by KM and CM in Del Pacifico represented a significant portion of their liquid net worth and was unsuitable given their backgrounds; and

WHEREAS, Strudwick's and SWS's recommendation that KM and CM invest in Del Pacifico was unsuitable; and

WHEREAS, Strudwick and SWS failed to disclose to advisory clients the conflicts of interest involved with recommending that clients purchase real estate that is owned or controlled by Respondent Strudwick or a related entity; and

WHEREAS, Respondents SWS and Strudwick have favored KM and CM over other advisory clients that may have invested in real estate through them by agreeing to repay KM and CM but not the other clients; and

WHEREAS, Respondents SWS and Strudwick violated sections 11-302(a)(2) and (3) and 11-302(c) of the Act;

IT IS **ORDERED** that Respondents SWS and Strudwick show cause why a final order should not be issued against them, assessing them the statutory penalty of \$5,000 per violation of sections 11-302(a)(2) and (3) and 11-302(c) of the Act, imposing on them any other lawful

penalty under the Act, and permanently barring them from the investment advisory and securities business in Maryland.

COUNT V
False Filing

WHEREAS, section 11-303 of the Act makes it unlawful for any person to make or cause to be made, in any document filed with the Commissioner or in any proceeding under this title, any statement which is, at the time and in the light of the circumstances under which it is made, false or misleading in any material respect; and

WHEREAS, Respondents SWS and Strudwick falsely represented in SWS's Form ADV filed with the Division that participation in the private stock offerings, partnerships, and other enterprises are "entirely separate from and independent of the investment strategy and the client of Strudwick Wealth Strategies;" and

WHEREAS, in Form ADV filings made with the Division, SWS and Strudwick failed to disclose that advisory clients were solicited to invest in the real estate investments offered by Strudwick or his related entities, and failed to disclose the conflicts of interest associated with such investments;

WHEREAS, Respondents SWS and Strudwick violated section 11-303 of the Act;

IT IS **ORDERED** that Respondents SWS and Strudwick show cause why a final order should not be issued against them, assessing them the statutory penalty of \$5,000 per violation of section 11-303 of the Act, imposing on them any other lawful penalty under the Act, and permanently barring them from the investment advisory and securities business in Maryland.

COUNT VI
Failure to Disclose or to Timely Disclose

WHEREAS, section 11-411(d) of the Act requires a registrant to promptly file with the Commissioner a correcting amendment if the information contained in any document filed with the Commissioner is or becomes inaccurate or incomplete in any material respect; and

WHEREAS, COMAR 02.02.05.11 requires an investment adviser to file annually with the IARD an updated Form ADV within 90 days of its fiscal year end; and

WHEREAS, SWS failed to file with the IARD an annual amendment to its Form ADV for years 2014 through 2016; and

WHEREAS, COMAR 02.02.05.11 requires an investment adviser to file with the IARD any amendments to its Form ADV within thirty (30) days of the event; and

WHEREAS, COMAR 02.02.05.12 requires an investment adviser representative to file with the IARD any amendments to its Form U4 within thirty (30) days of the event; and

WHEREAS, Respondent SWS failed to timely amend its Form ADV to disclose the NH Bureau order and the Interim Order issued against it; and

WHEREAS, Respondent Strudwick failed to timely amend his Form U4 to disclose the NH Bureau Consent Order and the Division's Interim Order issued against him and the judgment lien levied against him; and

WHEREAS, SWS and Strudwick have not amended SWS's Form ADV Part 2A or Strudwick's Form ADV Part 2B to disclose the NH Bureau Consent Order and the Division's Interim Order issued against them and Strudwick's Form ADV Part 2B falsely claims that "there is no disciplinary information to report regarding Mr. Strudwick;" and

WHEREAS, in several Form ADV filings made with the Division, SWS and Strudwick failed to disclose that advisory clients were solicited to invest in the real estate investments offered by Strudwick or his related entities, and failed to disclose the conflicts of interest associated with such investments; and

WHEREAS, Respondents SWS and Strudwick violated section 11-411(d) of the Act by failing to amend or to timely amend their Form ADV and Form U4, respectively;

IT IS **ORDERED** that Respondent SWS and Strudwick show cause why a final order should not be issued against them, assessing them the statutory penalty of \$5,000 per violation of section 11-411(d) of the Act, imposing on them any other lawful penalty under the Act, and permanently barring them from the investment advisory and securities business in Maryland.

COUNT VII
(Revocation of Registration - section 11-412)

WHEREAS, section 11-412(a)(2) of the Act provides that the Commissioner by order may deny, suspend, or revoke any registration if the Commissioner finds that the order is in the public interest and that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser, has willfully violated or willfully failed to comply with any provisions of this title, a predecessor act, or any rule or order under this title or a predecessor act; and

WHEREAS, Respondents SWS and Strudwick willfully violated sections 11-301(2) and (3), 11-302(a)(2) and (3), 11-302(c), 11-303, 11-411(d) and 11-501 of the Act, and failed to comply with the terms of the Commissioner's Interim Order, as detailed in this Order, and

grounds exist under section 11-412(a)(2) to revoke Respondents SWS's and Strudwick's registrations as an investment adviser and investment adviser representative, respectively; and

WHEREAS, section 11-412(a)(7) of the Act provides that the Commissioner by order may deny, suspend, or revoke any registration if the Commissioner finds that the order is in the public interest and that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser, has engaged in dishonest or unethical practices in the securities or investment advisory business; and

WHEREAS, Respondents SWS and Strudwick engaged in unethical business practices by, among other things, making misrepresentations of material facts or omitting to state material facts to investors or clients, and thus grounds exist under section 11-412(a)(7) of the Act to revoke Respondents SWS's and Strudwick's registrations as an investment adviser and investment adviser representative, respectively;

NOW, THEREFORE, IT IS HEREBY ORDERED that Respondents SWS and Strudwick show cause why their investment adviser and investment adviser representative registrations, respectively, with the State of Maryland should not be revoked.

REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

IT IS FURTHER **ORDERED**, pursuant to section 11-701.1 of the Act and the Code of Maryland Regulations, COMAR 02.02.06.06, that each Respondent shall file with the Securities Commissioner a written Answer to this Order within fifteen days of service of the Order. The Answer shall admit or deny each factual allegation in the Order and shall set forth affirmative

defenses, if any. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

The Answer also shall indicate whether the Respondent requests a hearing. A hearing will be scheduled in this matter if one is requested in writing. Failure by any Respondent to file a written request for a hearing in this matter shall be deemed a waiver by that Respondent of the right to such a hearing.

Failure of a Respondent to file an Answer or a request for a hearing shall result in entry of a final order directing that Respondent permanently to cease and desist from violation of the Act, and imposing the sanctions sought in this Order.

SO ORDERED:

**Commissioner's Signature on File
w/Original Document**

December 27, 2018

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:	*	
Strudwick & Associates, Inc. dba	*	Securities Docket No. 2018-0765
Strudwick Wealth Strategies, Inc.		
	*	
and		
	*	
Martin Barry Strudwick		
	*	
and		
	*	
Monterey del Pacifico Partners LLP		
	*	
and		
	*	
Costa Reit Mid-South LLC		
	*	
and		
	*	
Del Pacifico Hotel Partners SA		
	*	
Respondents		
* * * * *	*	* * * * *

**ORDER OF SUMMARY SUSPENSION AND
POSTPONEMENT OF RENEWAL OF REGISTRATION**

For the reasons set forth in the Order to Show Cause issued by the Maryland Securities Commissioner (the "Commissioner") in the above-captioned case, it is hereby

ORDERED, pursuant to section 11-413 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2014 Repl. Vol. & 2018 Supp.) (the "Act"), that the registration of Respondents Strudwick & Associates, Inc. dba Strudwick Wealth Strategies, Inc. as an investment adviser in the State of Maryland and the registration of Martin

Barry Strudwick as an investment adviser representative in the State of Maryland are hereby summarily suspended, and the renewal of Respondents Strudwick & Associates, Inc. dba Strudwick Wealth Strategies, Inc.'s and Martin Barry Strudwick's registrations as an investment adviser and investment adviser representative, respectively, in the State of Maryland for calendar year 2019 are hereby postponed, as of the date of this Order, pending final determination of the proceeding instituted in the above-captioned case by the Order to Show Cause issued by the Commissioner pursuant to sections 11-412(a)(2) and (a)(7) of the Act;

IT IS FURTHER ORDERED that the failure of a Respondent to file a written answer, including a request for a hearing, pursuant to COMAR 02.02.06.06, within 15 days from the date of service of this Order to Show Cause shall be deemed a waiver by the Respondent of the right to a hearing and result in the entry of a Final Order of Revocation.

DATE OF THIS ORDER:

SO ORDERED:

**Commissioner's Signature on File
w/Original Document**

December 27, 2018

Melanie Senter Lubin
Securities Commissioner