

STATE OF NORTH CAROLINA
DEPARTMENT OF THE SECRETARY OF STATE
SECURITIES DIVISION

IN THE MATTER OF:)	
)	FINAL CONSENT ORDER
CLYDE LAWRENCE YARBROUGH, III,)	19 SEC 014
CRD No. 2570509)	
)	
Respondent.)	

The Secretary of State of the State of North Carolina (“Administrator”), as the Administrator of the North Carolina Investment Advisers Act (N.C. Gen. Stat. Chapter 78C, the “Act”), has considered the evidence in this matter and finds that it is in the public interest to resolve it on the terms set forth in this Final Consent Order (“Order”). With the consent of Clyde Lawrence Yarbrough, III, (“Yarbrough”), the Administrator enters this Order.

I. FINDINGS OF FACT

1. Yarbrough is a citizen and resident of Grifton, Pitt County, North Carolina. His assigned CRD registration number is 2570509.¹
2. On January 18, 2019, Yarbrough applied for registration with the Administrator as an investment adviser representative for Change Path LLC, a registered investment adviser, by completing and submitting a Form U4.²

¹ The CRD/IARD (Central Registration Depository/Investment Advisor Registration Depository) is a database maintained by FINRA for all firms and individuals involved in the U.S. securities industry. This database is used to store and maintain information on registered securities and broker firms, as well as individuals who register as salesmen and/or investment adviser representatives.

² The Form U4, also known as the Uniform Application for Securities Industry Regulation or Transfer, is a form that investment adviser representatives use to register in the jurisdictions they would like to conduct business. An investment adviser representative must make certain disclosures on Form U4, including disclosures relating to employment, disciplinary history, customer complaints, liens, bankruptcies, and outside business activities.

3. Previously, from January 3, 2013 through August 26, 2015, and then again from September 3, 2015 through January 11, 2109, Yarbrough was registered as an investment adviser representative with other firms.

4. On or about January 22, 2019, while Yarbrough's application was pending, The North Carolina Department of the Secretary of State, Securities Division ("Securities Division"), conducted a public records search regarding Yarbrough. This public records search disclosed several federal tax liens.

5. Yarbrough has six unsatisfied federal tax liens, the earliest of which dates back to 2010.

6. Form U4 asks, at Question 14M, if the applicant has any unsatisfied judgments or liens. Yarbrough marked "No" on the Form U4 submitted to the Securities Division on January 18, 2019.

7. As a result, Yarbrough failed to disclose these federal tax liens on his Form U4 at the time the application for registration was submitted on January 18, 2019.

8. Yarbrough also previously failed to amend his Form U4 to disclose the liens at any time after he became aware of the liens. Yarbrough did not disclose these liens until the Securities Division requested additional information about them.

9. After the Securities Division contacted him about these liens, Yarbrough promptly amended his Form U4 to disclose the federal tax liens.

10. Under North Carolina law, it is unlawful for any person to make or cause to be made, in any document filed with the Administrator or in any proceeding under the Act, 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. N.C. Gen. Stat. §78C-9.

11. Under North Carolina law, if the information contained in any document filed with the Administrator is or becomes inaccurate or incomplete in any material respect, the registrant is required to promptly file a correcting amendment. N.C. Gen Stat. §78C-18(d).

12. Under North Carolina law, an investment adviser representative is under a continuing obligation to update information required by Form U4 as changes occur. 18 NCAC 06A .1703.

13. Under North Carolina law, the Administrator has authority pursuant to N.C. Gen. Stat. §78C-19, upon finding of public interest, to enter an order to deny, suspend or revoke any registration, or bar or censure a registrant from employment with a registered investment adviser, or restrict or limit a registrant when the registrant has willfully violated or willfully failed to comply with any provision of the Act. N.C. Gen Stat. §78C-19.

14. The Administrator finds that the entry of this Final Order is necessary or appropriate in the public interest or for the protection of investors and clients and consistent with the purposes fairly intended by the policy and provisions of the Act.

II. CONCLUSIONS OF LAW

1. The Administrator has jurisdiction over Yarbrough, and over the subject matter of this Order.

2. At all relevant times herein, Yarbrough was an investment adviser representative as defined under North Carolina law (N.C. Gen. Stat. §78C-2(3)), or was applying to register as an investment adviser representative. As an investment adviser representative or applicant in North Carolina, Yarbrough is required to comply with North Carolina's laws, administrative rules, and regulations, and submit himself to the jurisdiction and oversight of the Administrator. Yarbrough is also a "registrant."

3. Under North Carolina law, it is unlawful for any person to make or cause to be made, in any document filed with the Administrator or in any proceeding under the Act, 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. N.C. Gen. Stat. §78C-9.

4. Under North Carolina law, if the information contained in any document filed with the Administrator is or becomes inaccurate or incomplete in any material respect, the registrant is required to promptly file a correcting amendment. N.C. Gen Stat. §78C-18(d).

5. Under North Carolina law, an investment adviser representative is under a continuing obligation to update information required by Form U4 as changes occur. 18 NCAC 06A .1703.

6. As more particularly described above, Yarbrough failed to disclose the tax liens on his Form U4 when he applied for registration with Change Path LLC, and he had previously failed to timely amend his Form U4 when he learned of the liens. Yarbrough therefore violated N.C. Gen. Stat. §78C-9, N.C. Gen. Stat. §78C-18(d), and 18 NCAC 06A .1703. These violations were willful.

7. Yarbrough's willful violations of N.C. Gen. Stat. §78C-9, N.C. Gen. Stat. §78C-18(d), and 18 NCAC 06A .1703 serve as a basis for action under N.C. Gen. Stat. §78C-19(a)(2)(b), including denying, suspending or revoking his registration.

8. This Order is necessary or appropriate in the public interest, is for the protection of investors and clients, and is consistent with the purposes fairly intended by the policy and provisions of the Act.

9. The Administrator has the authority to enter this order pursuant to the Act and the administrative rules adopted thereunder.

III. JURISDICTION, CONSENT, AND WAIVER

Yarbrough, as evidenced by the authorized signature of the Consent to Entry of Final Order, below, affirmatively states and agrees that:

1. The Administrator has jurisdiction over him and the subject matter of this Order.
2. Yarbrough voluntarily consents to the entry of this Order and understands it is a public document.
3. Yarbrough has read the contents of this Order and has had the opportunity to consult with an attorney prior to the signing of this Order.
4. Yarbrough freely signs this Order. No threats, promises, or offers of any kind, other than as stated in this document, have been made by the Administrator, Deputy Securities Administrator, any member of the staff of the Securities Division, or any agent or employee of the North Carolina Department of the Secretary of State in connection with the signing of this Order.
5. Yarbrough permanently waives any and all rights under the North Carolina Investment Adviser's Act, the North Carolina Administrative Procedure Act (N.C. Gen. Stat. Chapter 150B), and any other law, to a *Notice of Hearing*, a hearing, and any other proceedings before the Administrator or other entity to which he may be entitled related to the subject of this Order, including any court of competent jurisdiction. Yarbrough also permanently waives his right to seek judicial review of this Order under N.C. Gen. Stat. Chapter 150B, to appeal this Order, or to otherwise challenge either the validity or entry of this Order in any court or administrative agency. This Order resolves this matter without further administrative proceedings.
6. This Order contains the entire agreement between the undersigned, and Yarbrough understands its effect.

7. The presentation of this Order to the Administrator and any subsequent discussion of the Order prior to its entry without Yarbrough or his counsel being present shall not constitute an improper *ex parte* communication between the Administrator and the Securities Division or counsel for the Securities Division.

NOW, THEREFORE, the Administrator, pursuant to and under all authority granted by the North Carolina Investment Advisers Act based upon the forgoing Findings of Fact, Conclusions of Law, and Jurisdiction, Consent and Waiver, and with Yarbrough's express written consent to the entry of this Order, orders the following:

IV. ORDER

1. Yarbrough shall cease and desist from violating N.C. Gen. Stat. §78C-9, §78C-18(d), and 18 NCAC 06A .1703.

2. Yarbrough shall immediately and permanently cease and desist from violating any other provisions of the North Carolina Investment Advisers Act and any administrative rules promulgated under the Act.

3. Yarbrough shall timely amend his Form U4 with respect to all reportable events, and will keep his Form U4 current and in accordance with the instructions on the Form U4 and applicable statutes and regulations.

4. Yarbrough shall pay to the Securities Division a civil penalty in the amount of \$5,000.00 within 30 days of the date of entry of this Order.

5. The Administrator will register Yarbrough as an investment adviser representative with Change Path LLC upon entry of this Order.

6. Yarbrough shall not take any action, or make, or permit to be made, any public statement, denying, directly or indirectly, any finding in this Order or creating the impression that this Order is without factual basis.

7. This Order shall become final upon entry.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina

Department of the Secretary of State, this the 6TH day of May 2019.

Time of entry: 3:09 P.M.



ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH CAROLINA and
SECURITIES ADMINISTRATOR, by



KEVIN M. HARRINGTON
Deputy Securities Administrator