



**BEFORE THE SECURITIES COMMISSIONER  
OF THE STATE OF KANSAS**

In the Matter of:

SUNFLOWER ASSET MANAGEMENT, INC. (CRD #107057),

Respondent.

Docket No. 14 E 003  
KSC No. 2013-6095

Pursuant to K.S.A. 17-12a412

**STIPULATION FOR CONSENT ORDER**

**WHEREAS** staff for the Office of the Securities Commissioner of Kansas has conducted an examination and investigation pursuant to K.S.A. 17-12a411(d) and K.S.A. 17-12a602.

**WHEREAS** staff for the Office of the Securities Commissioner of Kansas asserts the following allegations in support of an order imposing administrative sanctions against Sunflower Asset Management, Inc. (Respondent):

**Allegations of Fact**

**JURISDICTION**

1. Pursuant to K.S.A. 17-12a601, the Securities Commissioner of Kansas is charged with administering the Kansas Uniform Securities Act.
2. Pursuant to K.S.A. 17-12a412, found in the Kansas Uniform Securities Act, an order may be issued to revoke, suspend, condition the registration of, or penalize a person or entity that is registered with the Office of the Kansas Securities Commissioner as a broker-dealer, agent of a broker-dealer, investment adviser, or investment adviser representative.
3. Respondent has been registered with the Office of the Kansas Securities Commissioner as an investment adviser from May 28, 2010 to the present.

4. Accordingly, the Securities Commissioner of Kansas has jurisdiction over this matter.

#### **RESPONDENT AND RELEVANT PARTIES**

5. Respondent is an investment adviser organized in the state of Kansas as a corporation with an address of 10324 Cody Street, Overland Park, Kansas 66214.
6. Joseph Kain (CRD #866039) (Kain) is the sole shareholder, chief compliance officer, and sole investment adviser representative for Respondent.

#### **FAILURE TO MAINTAIN SOLVENCY**

7. Pursuant to K.S.A. 17-12a412(d)(7), the Securities Commissioner of Kansas may discipline an investment adviser registered under the Kansas Uniform Securities Act if the investment adviser is insolvent because its liabilities exceed its assets.
8. On May 15, 2013, The Office of the Kansas Securities Commissioner conducted a routine compliance examination of the investment advisory activities of Respondent.
9. During said examination Respondent provided the Office of the Kansas Securities Commissioner a balance sheet dated March 31, 2013.
10. The March 31, 2013 balance sheet showed total assets of \$12,101.77 and total liabilities of \$35,715.22.
11. According to the March 31, 2013 balance sheet, Respondent's liabilities exceed its assets by \$23,613.45.
12. On June 13, 2013, Respondent notified the Office of the Kansas Securities Commissioner that it has an additional liability of \$2,000.00 that was not reflected on the March 31, 2013 balance sheet.

13. On August 16, 2013, Respondent provided the Office of the Kansas Securities Commissioner a balance sheet dated July 31, 2013.
14. The July 31, 2013 balance sheet showed total assets of \$12,628.18 and total liabilities of \$36,197.94.
15. According to the July 31, 2013 balance sheet, Respondent's liabilities exceed its assets by \$23,569.76.
16. On September 11, 2013, Respondent infused an additional \$31,000 of paid in capital.
17. According to the September 18, 2013 balance sheet, Respondent has a positive net worth of \$17,485.41.
18. Respondent had not maintained solvency from March 31, 2013 to September 11, 2013, as is required by K.S.A. 17-12a412(d)(7).

**Allegations of Law**

19. The Securities Commissioner of Kansas has jurisdiction over this matter pursuant to K.S.A. 17-12a412.
20. Respondent was insolvent for the period of March 31, 2013 to September 11, 2013, in violation of K.S.A. 17-12a412(d)(7).
21. An order imposing administrative sanctions against Respondent is in the public interest.

**WHEREAS**, staff for the Office of the Securities Commissioner of Kansas and Respondent have agreed that Respondent shall immediately be censured for failing to maintain solvency.

**IT IS THEREFORE STIPULATED AND AGREED** by and between Respondent and staff for the Office of the Securities Commissioner of Kansas that:

1. The Consent Order censuring the Respondent for failing to maintain solvency may be issued by the Kansas Securities Commissioner without further proceedings in this matter.
2. Respondent admits the allegations of the Commissioner's Staff.
3. Respondent hereby waives its right to a hearing before the Commissioner, or his designee, with respect to this matter, the above allegations, and the immediate issuance of a Consent Ordering censuring the Respondent.

**APPROVED AND AGREED TO BY:**

SUNFLOWER ASSET MANAGEMENT, INC.

By:   
Joseph Kain, President

11/6/13  
Date

**OFFICE OF THE KANSAS SECURITIES COMMISSIONER**

By:   
Jeffrey S. Kruske #20098  
General Counsel  
Office of the Securities Commissioner  
109 SW 9<sup>th</sup> St., Suite 600  
Topeka, Kansas 66612  
(785) 296-5266 Phone  
(785) 296-6872 Fax  
Jeff.kruske@ksc.ks.gov  
*Attorney for the Securities Commissioner*

11.12.13  
Date