

BEFORE THE DIVISION OF INSURANCE
DEPARTMENT OF LABOR AND REGULATION
STATE OF SOUTH DAKOTA

IN THE MATTER OF	)	
MIDWEST FINACIAL STRATEGIES, IARD #327281	)	CONSENT ORDER
AND LEE H. RYCRAFT, CRD # 5770413	)	

In resolution of the above matter and in lieu of issuance of a Notice of Hearing and a formal hearing, the undersigned parties do hereby agree to the following:

LEE H. RYCRAFT ("RYCRAFT") whose address of record is 10 N Broadway STE 102, Watertown, SD 57201-3627 is the owner and sole registered investment advisor of MIDWEST FINACIAL STRATEGIES ("MFS"), address of record, 18 8th Ave SE, Watertown, SD 57201 a registered investment advisor firm in the state of South Dakota;

RYCRAFT and MFS (hereafter jointly referred to as the "RESPONDENTS") are aware that the South Dakota Division of Insurance ("Division") has conducted an investigation into their securities and investment advisory activities in South Dakota;

The Division has alleged the following:

- 1) RESPONDENTS operated an RIA firm in South Dakota without having a proper bond in place, in violation of SDCL § 47-31B-411 and ARSD 20:08:05:21;
- 2) RESPONDENTS failed to timely update their ADV Form and omitted material disclosures regarding outside business activities and employment information, in violation of SDCL § 47-31B-411 and ARSD 20:08:05:26;
- 3) RESPONDENTS engaged in prohibited conduct by misrepresenting material information and/or engaging in a course of business which was fraudulent, deceptive, manipulative, or unethical. These acts included using his own email address in place of clients' email address and forging client signatures in violation of ARSD 20:08:03:06 and FINRA Rule 2010;
- 4) RESPONDENTS have failed maintain and preserve books and records, in violation of SDCL § ARSD 20:08:03:02 and FINRA Rule 4511;
- 5) The above-cited conduct may be grounds for the denial, revocation, or suspension of RESPONDENTS' registrations and the issuance of a monetary penalties of up to \$10,000 per violation, pursuant to SDCL §§ 47-31B-412 and 47-31B-604;

RESPONDENTS are aware of and understand the nature of the charges and have been informed that they have the right to notice, hearing, and appeal, and that by agreeing to and signing this Consent Order, agree to the waiver of these rights;

By the execution of this Consent RESPONDENTS neither admits to nor denies any violations of the laws of the State of South Dakota, but waives their right to contest the allegations contained in this Consent Order;

In return for RESPONDENTS agreeing to the provisions of this Consent Order, the Division agrees not to proceed to a formal hearing and agrees that this Consent Order will constitute an informal disposition of this matter pursuant to SDCL § 1-26-20;

RESPONDENTS agree to a monetary penalty in the amount of \$5,000 pursuant to SDCL §§ 47-31B-604 and 1-26-20, in lieu of contesting this matter formally;

RESPONDENTS further agree to conduct themselves in accordance with the securities laws and regulations of the State of South Dakota; and

RESPONDENTS further agree that this Consent Order may be considered for the purpose of determining an appropriate sanction in any future actions with the Division for any violations of the laws or regulations of the State of South Dakota or for failing to abide by any order of the Director;

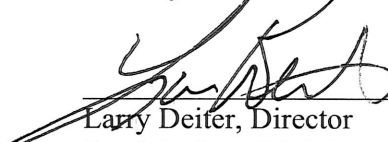
Wherefore, good cause appearing from the foregoing, it is hereby ORDERED that RESPONDENTS will pay a monetary penalty in the amount of \$5,000 payable to "South Dakota Division of Insurance" for deposit in the general fund of the State of South Dakota; and it is further

ORDERED that RESPONDENTS will abide by the agreements made by them in this Consent Order; and it is further

ORDERED that this consent order is necessary and appropriate in the public interest and for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of SDCL 47-31B; and it is further

ORDERED that the provisions of this Consent Order shall be effective from the date the Director signs this Order.

Dated at Pierre, South Dakota this 27th day of December, 2024.



Larry Deifer, Director
South Dakota Division of Insurance

The undersigned, on behalf of the RESPONDENTS, represents that they understand the terms of this Consent Order and the waiver of their due process rights and voluntarily enter into this Consent Order.

Dated this 19 day of December, 2024.



Signature of Authorized Representative

Lee Hyrcraft

Printed Name

Owner

Title