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## Texas State Securities Board

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208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
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E. WALLY KINNEY  
MEMBER

IN THE MATTER OF  
THE INVESTMENT ADVISER  
REGISTRATION OF  
SARKER INVESTMENTS, LLC AND  
ABRAHAM MOHAMMED SARKER

§  
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§  
§

**Order No. IC10-SUS-15**

TO: Abraham Mohammed Sarker, President  
Sarker Investments, LLC (CRD No. 135714)  
2351 W. Northwest Highway, Suite 1130  
Dallas, TX 75220

### DISCIPLINARY ORDER

Be it remembered that Abraham Mohammed Sarker ("Respondent Sarker") and Sarker Investments, LLC ("Respondent SILLC"), by and through Abraham Mohammed Sarker, its President, (collectively "Respondents") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and the Findings of Fact and Conclusions of Law contained herein.

### FINDINGS OF FACT

1. Respondents have waived (a) Respondents' right to notice and hearing in this matter; (b) Respondents' right to appear and present evidence in this matter; (c) Respondents' right to appeal this Order; and (d) all other procedural rights granted to the Respondents by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2009)("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2008 & Supp. 2009)("Administrative Procedure Act").
2. On or about May 31, 2005, Respondent Sarker applied for registration with the Securities Commissioner as an investment adviser representative of Respondent SILLC. Respondent Sarker's application for registration was considered "deficient" because Respondent Sarker had not obtained the necessary licensing qualifications.

3. On or about May 31, 2005, Respondent SILLC applied for registration with the Securities Commissioner as an investment adviser. However, that application could not be approved until at least one officer of Respondent obtained the necessary registration.
4. To obtain the necessary licensing qualifications, Respondent Sarker needed to pass the Series 65 licensing exam. However, Respondent Sarker failed the Series 65 exam on three occasions: August 1, 2005; December 17, 2005; and May 6, 2006.
5. After three consecutive failures of the Series 65 exam, Respondent Sarker was not permitted to re-take the exam for a six (6) month period.
6. In an effort to get Respondent SILLC's registration approved, Respondents decided to get another individual registered with the Securities Commissioner as an investment adviser representative of Respondent SILLC.
7. To that end, on or about May 15, 2006, Daniel Hassett, Respondent SILLC's Chief Financial Officer, applied for registration with the Securities Commissioner as an investment adviser representative of Respondent SILLC. Mr. Hassett's registration was approved on May 18, 2006.
8. On May 18, 2006, Respondent SILLC registered with the Securities Commissioner as an investment adviser. This registration is currently effective.
9. From on or about March 31, 2004 to on or about January 23, 2007, Respondent Sarker, for compensation, provided an investment club (the "Investment Club") with advice about purchasing and selling securities.
10. On or about July 1, 2005, Respondent SILLC entered into an "Investment Advisory Service Agreement" with the Freedom Hedge Fund, L.P. (the "Fund"). Respondent Sarker established the Fund to trade securities based on a proprietary trading system.
11. Respondent SILLC's primary business is providing investment advisory services to the Fund. Respondents solicit investors for the Fund, and then manage the pooled funds by selecting securities for the Fund. In exchange for the investment management services, Respondent SILLC charges the Fund an annual investment advisory fee and collects a performance fee if certain performance measures are met.
12. In the fall of 2007, the staff of the Texas State Securities Board's Inspections & Compliance Division (the "Staff") learned that Respondent Sarker was involved in rendering investment advisory services to the Investment Club and the Fund.

13. Despite the fact that Mr. Hassett was the only registered investment adviser representative of Respondent SILLC, Mr. Hassett was not involved in providing the investment advisory services. Mr. Hassett informed the Staff that his responsibilities included preparing quarterly reports for investors, gathering research on stock, reviewing Respondent SILLC's website, and calculating performance figures. Mr. Hassett confirmed that Respondent Sarker made all decisions related to the management of the Fund, including investment selections.
14. Based on this information, on January 23, 2008, the Staff sent a letter to the Respondents informing Respondent Sarker's rendering of investment advisory services for compensation could result in continuing violations of the Texas Securities Act and asked Respondents to take corrective measures.
15. After receiving the Staff's letter, Respondent Sarker contacted the Staff and stated that Respondent SILLC was in the process of hiring another individual with the necessary licensing qualifications. Respondent Sarker informed the Staff that this new employee would be responsible for making the investment decisions.
16. Shortly thereafter, on January 28, 2008, an individual (the "IAR") was registered with the Securities Commissioner as an investment adviser representative of Respondent SILLC.
17. On or about October 6, 2009, the Staff obtained sworn testimony from the IAR. The IAR informed the Staff that he was involved in the trading activity related to the Fund, but that in 2008 and 2009 Respondent Sarker continued to be ultimately responsible for investment decisions and developing the Fund's trading strategy.
18. Section 12.B of the Texas Securities Act, prohibits a person from rendering services as an investment adviser or investment adviser representative in Texas unless the person is registered with the Securities Commissioner or exempt from the registration requirements.
19. Respondent SILLC did not establish and maintain a supervisory system reasonably designed to achieve compliance with the Texas Securities Act and the Rules and Regulations of the Texas State Securities Board ("Board Rules").

#### CONCLUSIONS OF LAW

1. Respondent Sarker violated Section 12.B of the Texas Securities Act by providing advice about purchasing and selling securities to the Investment Club, for compensation, at a time when Respondent Sarker was not registered with the Securities Commissioner as an investment adviser or investment adviser representative of a registered investment adviser.

2. Respondent Sarker violated Section 12.B of the Texas Securities Act by providing investment advice to the Fund on behalf of Respondent SILLC, for compensation, at a time when Respondent Sarker was not registered with the Securities Commissioner as an investment adviser representative of Respondent SILLC.
3. Respondent SILLC's rendering of services as an investment adviser in Texas through Respondent Sarker at a time when Respondent Sarker was not registered as an investment adviser representative of Respondent SILLC is a basis for the issuance of an order suspending Respondent SILLC pursuant to Section 14.A(5)(a) of the Texas Securities Act.
4. Respondent SILLC's failure to establish and maintain a supervisory system reasonably designed to achieve compliance with the Texas Securities Act and Board Rules constitutes a violation of §116.10 of the Board Rules.
5. Pursuant to Section 14.A(6) of the Texas Securities Act, the foregoing violation of the Board Rules constitutes a basis for the issuance of an order suspending Respondent SILLC.
6. Pursuant to Section 23.B of the Texas Securities Act, Respondent Sarker's activity as an investment adviser or investment adviser representative in violation of the Texas Securities Act constitutes a basis for the Securities Commissioner to order that Respondent Sarker cease and desist acting as an investment adviser or investment adviser representative in violation of the Texas Securities Act.
7. Pursuant to Section 23-1 of the Texas Securities Act, the foregoing violations of the Texas Securities Act and Board Rules constitute bases for the issuance of an order assessing administrative fines against Respondents.

#### UNDERTAKING

1. Respondent Sarker hereby undertakes and agrees that he will not act as a "dealer", "agent", "investment adviser", or "investment adviser representative" in the State of Texas (as those terms are defined by Section 4 of the Texas Securities Act) for a period of six (6) months after the date of this Order. Respondent further undertakes and agrees that he will not apply for registration with the Securities Commissioner as a dealer, agent, investment adviser, or investment adviser representative for a period of six (6) months after the date of this Order.
2. Respondent SILLC hereby undertakes and agrees that it will not render services as an investment adviser in Texas through Respondent Sarker at any time that Respondent Sarker is not appropriately registered with the Securities Commissioner.

ORDER

1. It is therefore ORDERED that the investment adviser registration of Sarker Investments, LLC is hereby SUSPENDED for a period of sixty (60) days from the date of this Order.
2. It is further ORDERED that Abraham Mohammed Sarker CEASE AND DESIST acting as an investment adviser or investment adviser representative in violation of the Texas Securities Act.
3. It is further ORDERED that Sarker Investments, LLC is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of Five Thousand Dollars (\$5,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Five Thousand Dollars (\$5,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.
4. It is further ORDERED that Sarker Investments, LLC and Abraham Mohammed Sarker comply with the terms of the Undertaking enclosed herein.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 13<sup>th</sup>  
day of July, 2010.

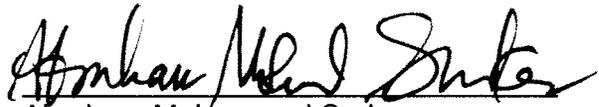
  
DENISE VOIGT CRAWFORD  
Securities Commissioner

Respondents:

Sarker Investments, LLC

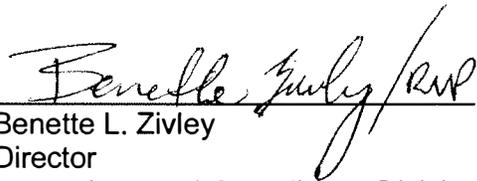


By: Abraham Mohammed Sarker,  
President



Abraham Mohammed Sarker,  
Individually

Approved as to Form:



Benette L. Zivley  
Director  
Inspections and Compliance Division



Fred Summers, III  
Attorney for Respondents

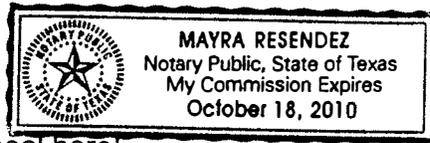


Ronak V. Patel  
Assistant Director  
Inspections and Compliance Division

**ACKNOWLEDGMENT**

On the 12<sup>th</sup> day of July, 2010, Abraham Mohammed Sarker ("Respondent Sarker") personally appeared before me, executed the foregoing Order, and acknowledged that:

1. Respondent Sarker has read the foregoing Order;
2. Respondent Sarker has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent Sarker knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and
4. Respondent Sarker, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



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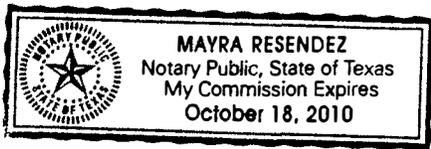
Abraham Mohammed Sarker  
Mayra Resendez  
Notary Public in and for  
the State of Texas

My commission expires on: 10/18/10

**ACKNOWLEDGMENT**

On the 12<sup>th</sup> day of July, 2010, Sarker Investments, LLC ("Respondent SILLC"), by and through, Abraham Mohammed Sarker, its President, personally appeared before me, executed the foregoing Order, and acknowledges that:

1. Abraham Mohammed Sarker is duly authorized to enter into the foregoing Order on behalf of Respondent SILLC;
2. Abraham Mohammed Sarker has read the foregoing Order;
3. Respondent SILLC has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent SILLC knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent SILLC, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]

Abraham Mohammed Sarker  
Mayra Resendez  
Notary Public in and for  
the State of Texas

My commission expires on: 10/18/2010