

JOHN MORGAN
SECURITIES COMMISSIONER



RONAK V. PATEL
DEPUTY SECURITIES COMMISSIONER

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Texas State Securities Board

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MEMBER

MIGUEL ROMANO, JR.
MEMBER

IN THE MATTER OF THE
INVESTMENT ADVISER REGISTRATION
OF POST OAK INVESTMENT
MANAGEMENT, INC.

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Order No. IC16-CAF-09

TO: Kenneth William Katzen, President
Post Oak Investment Management, Inc. (CRD No. 106601)
4265 San Felipe, Suite 1100
Houston, TX 77027

CONSENT ORDER

Be it remembered that Post Oak Management, Inc. ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and the Undertaking and the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondent has waived (a) Respondent's rights to notice and hearing in this matter; (b) Respondent's rights to appear and present evidence in this matter; (c) Respondent's rights to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-44 (West 2010 & Supp. 2015)("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001 to 2001.902 (West 2008 & Supp. 2015)("Administrative Procedure Act").
2. In or about January 1999, Respondent registered with the Securities Commissioner as an investment adviser. This registration is currently effective.
3. Among other services, Respondent serves as the General Partner for a pooled investment vehicle, the Post Oak Investment Fund, L.P. (the "Fund"). Investors in the Fund include Respondent's investment advisory clients.
4. On December 21, 2011, §116.17 of the Rules and Regulations of the Texas State Securities Board ("Board Rules") became effective. Board Rule 116.17 is also commonly referred to as the "custody rule" and prohibits registered investment advisers from maintaining custody of client funds and securities unless certain safeguards are implemented and/or the investment adviser satisfies specific exceptions to certain safeguard requirements.

5. Because Respondent was the General Partner of the Fund, Respondent had "custody" of client funds and securities.
6. Yet, Respondent did not implement two of the four safeguards required under by the custody rule. Specifically, Respondent did not:
 - (a) Have a reasonable basis to believe that each limited partner of the Fund was receiving account statements, at least quarterly, from the custodian identifying the client funds and securities and all transactions in the relevant account; and
 - (b) Enter into an agreement with an independent public accountant requiring the accountant to conduct unannounced and independent verifications of the funds and securities subject to Respondent's custody.
7. Nonetheless, Respondent could have maintained custody of client funds without implementing the safeguards described above if the Fund's account was subject to an annual audit by an independent public accountant that is registered with the Public Company Accounting Oversight Board (PCAOB) and the audited financial statement were distributed to all limited partners.
8. For the period from January 1, 2012 to the present, the Fund has not been subject to an annual audit by a PCAOB registered independent public accountant and it has not distributed audited financial statements to the Fund's limited partners.

UNDERTAKING

Respondent undertakes and agrees to provide the following documents to each limited partner of the Fund during the period from January 1, 2012 to the present within fourteen (14) days of the entry of this Order:

- a. Electronic copies of all account statements associated with bank and brokerage accounts of the Fund for at least the entire period that such person was a limited partner of the Fund; and
- b. All financial summaries and trial balances prepared by any accountant on behalf of the Fund or of any of the Fund's accounts for at least the entire period that such person was a limited partner of the Fund.

CONCLUSIONS OF LAW

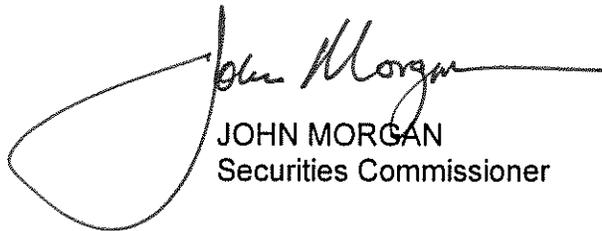
1. From January 1, 2012 to the present, Respondent has maintained "custody" of client funds and securities as the term "custody" is defined by § 116.17(a)(3) of the Board Rules.
2. Respondent violated §116.17(b) of the Board Rules because Respondent maintained custody of clients funds and securities but failed to implement the safeguards required by §§116.17(b)(3) and (4).

3. Pursuant to Section 14.A(6) of the Texas Securities Act, Respondent's violation of a Board Rule constitutes a basis to reprimand Respondent.
4. Pursuant to Section 23-1 of the Texas Securities Act, Respondent's violation of a Board Rule constitutes a basis for the assessment of an administrative fine against Respondent.

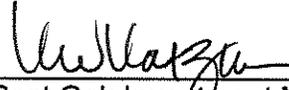
ORDER

1. It is therefore ORDERED that Post Oak Investment Management, Inc. is hereby REPRIMANDED.
2. It is further ORDERED that Post Oak Investment Management, Inc. is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of One Thousand Dollars (\$1,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of One Thousand Dollars (\$1,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.
3. It is further ORDERED that Post Oak Investment Management, Inc. COMPLY with the terms of the Undertaking contained herein.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 23rd day of May, 2016.

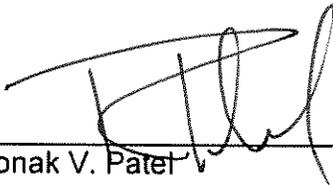

JOHN MORGAN
Securities Commissioner

Respondent:



Post Oak Investment Management, Inc.
By: Kenneth William Katzen
President

Approved as to Form:

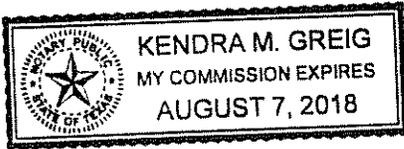


Ronak V. Patel
Deputy Securities Commissioner

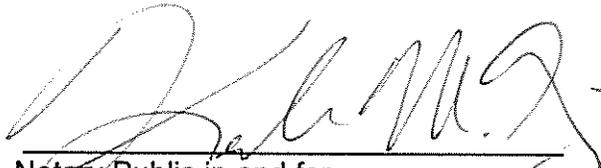
ACKNOWLEDGMENT

On the 17th day of May, 2016, Post Oak Investment Management, Inc. ("Respondent"), by and through Kenneth William Katzen, appeared before me, executed the foregoing Order, and acknowledged that:

1. Kenneth William Katzen is duly authorized to enter into the foregoing Order and Undertaking on behalf of Respondent;
2. Kenneth William Katzen has read the foregoing Order and Undertaking;
3. Respondent has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent 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, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]


Notary Public in and for
the State of Texas

My commission expires on: 8/7/18