

STATE OF OHIO  
DEPARTMENT OF COMMERCE  
**DIVISION OF SECURITIES**  
COLUMBUS, OHIO 43215-6131

Order No. 11-016

**IN THE MATTER OF:**

**VALHALLA INVESTMENT ADVISORY, INC.  
CRD NO. 111534**

**NOTICE OF INTENT TO SUSPEND OR REVOKE  
OHIO INVESTMENT ADVISER LICENSE NO. 111534**

**NOTICE OF OPPORTUNITY FOR HEARING**

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## **DIVISION ORDER**

WHEREAS, the Ohio Division of Securities ("the Division") is charged with the responsibility for protecting investors and finds that this Order is necessary or appropriate in the public interest or for the protection of investors, and is consistent with the purposes of the Ohio Securities Act, Chapter 1707 of the Ohio Revised Code; and

WHEREAS, the Division has conducted an investigation into the activities of Valhalla Investment Advisory, Inc., CRD No. 111534 ("Respondent"), whose principal business address is 7449 Montgomery Road, Cincinnati, Ohio 45236-4160, and as a result of said investigation, the Division alleges as follows:

- (1) Respondent is a licensed Investment Adviser in Ohio, License No. 111534, and has been since July 8, 1999;
- (2) As an Ohio licensed Investment Adviser, Respondent is required to comply with all relevant provisions of the Ohio Revised Code (the "R.C.") and the Ohio Administrative Code (the "O.A.C.");
- (3) Eric T. House, CRD No. 1984306, is the sole owner, President, and Chief Compliance Officer of Respondent and is currently licensed with the Division of Securities as an Investment Adviser Representative;
- (4) In 2008 and 2009, the Division sent deficiency letters to the Respondent about its failure to supply and/or properly maintain financial records;
- (5) In August 2010, the Division, after identifying the same non-compliance it observed in 2008 and 2009 (referenced in Paragraph 4 above) ordered (Division Order 10-075, issued 8-25-10) the Respondent to produce certain records that had been requested in 2010 by the Division, but that had not been supplied by the Respondent;

- (6) Since the time of the Order (referenced in the preceding paragraph), the Division, as part of its exam in accord with R.C. 1707.23(B), has determined that the Respondent did not retain cancelled checks for the requisite five years;
- (7) The Division has also found the following during its 2010 exam of Respondent:
  - (a) Checking account deposits of \$35,241.32 from April 9, 2010 to June 3, 2010 were not posted to the general ledger – thus understating cash;
  - (b) No reconciliation was provided for the operating account;
  - (c) Financial statements for the Valhalla Investment Advisory investment account and Interactive Brokerage, LLC master account were not kept;
  - (d) Payroll expense shown on the income statement did not match the payroll detail;
  - (e) The true financial condition of the firm cannot be determined due to the unreliability of the financial records;
- (8) O.A.C. 1301:6-3-15.1(E)(1)(b), (1)(d) and (1)(f) provide in pertinent part:
  - (1) Every investment adviser licensed or required to be licensed under Chapter 1707. of the Revised Code shall make or keep true, accurate and current the following books and records relating to its investment advisory business:
    - (b) General and auxiliary ledgers, or other comparable records, reflecting asset, liability, reserve, capital, income and expense accounts;
    - (d) All check books, bank statements, canceled checks and cash reconciliations of the investment adviser; and
    - (f) All trial balances, financial statements, and internal audit working papers relating to the business of the investment adviser;
- (9) R.C. 1707.19(A)(4), (6) and (10)(b) provide, in pertinent part:
  - (A) An investment adviser ... may be suspended, and, after notice and hearing in accordance with Chapter 119 of the Revised Code, may be revoked, by the division of securities, if the division determines that the ... investment adviser ...:

- (4) Has knowingly violated any provision of sections 1707.01 to 1707.45 of the Revised Code, or any regulation or order made there under;
- (6) Has refused to comply with any lawful order or requirement of the Division under 1707.23 of the Revised Code;
- (10)(b) Has failed to furnish to the division any information with respect to acting as an investment adviser ... within this state that may be reasonably requested by the division.

WHEREAS, based on above, the Division alleges that the Respondent, Valhalla Investment Advisory, Inc., failed to comply with the requirements of O.A.C. 1301:6-3-15.1(E)(1)(b), (1)(d), and (1)(f) and so is subject to the sanctions set forth in R.C. 1707.19(A)(4), R.C. 1707.19 (A)(6), and R.C. 1707.19 (A)(10).

THEREFORE, IT IS ORDERED THAT, pursuant to R.C. Chapter 119, Respondent is hereby notified that thirty (30) days from the date of mailing of this Notice, the Division, pursuant to R.C. 1707.19(A)(4), R.C. 1707.19 (A)(6), and R.C. 1707.19 (A)(10), intends to issue a FINAL ORDER TO SUSPEND OR REVOKE the Ohio Investment Adviser license of Respondent Valhalla Investment Advisory, Inc.;

FURTHER, IT IS ORDERED THAT, pursuant to R.C. Chapter 119, Respondent is hereby notified that Respondent is entitled to an adjudicative hearing. If Respondent wishes to request such hearing, the request must be made in writing and must be received in the offices of the Division within thirty (30) days from the date of mailing of this Notice. At the hearing, Respondent and the Division may appear in person, by their attorneys, or together with their attorneys, or they may present their position, arguments, or contentions in writing, and that at the hearing they may present evidence and examine witnesses appearing for and against them; and

FURTHER, IT IS ORDERED THAT, if no hearing is timely requested, a FINAL ORDER TO SUSPEND OR REVOKE the Ohio Investment Adviser license of VALHALLA INVESTMENT ADVISORY, INC. may be issued.

MJB/cn

WITNESS MY HAND AND THE OFFICIAL SEAL OF THIS DIVISION at  
Columbus, Ohio this 5th day of April, 2011.



*Andrea L. Seidt, Commissioner of Securities*