

TRAVIS J. ILES  
SECURITIES COMMISSIONER



CLINTON EDGAR  
DEPUTY SECURITIES COMMISSIONER

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## *Texas State Securities Board*

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssb.texas.gov

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MEMBER

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MEMBER

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IN THE MATTER OF THE INVESTMENT  
ADVISORY REGISTRATION OF BISON  
INVESTMENT ADVISORS, LLC

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**Order No. IC-23-CAF-05**

TO: Mark Tidwell (CRD No. 2612587)  
Bison Investment Advisors, LLC  
9595 Six Pines Dr., Suite 8210  
The Woodlands, TX 77380

### **DISCIPLINARY ORDER**

Be it remembered that Bison Investment Advisors, LLC ("Respondent") 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. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, Tex. Gov't Code §§ 4001.001-4008.105 ("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-2001.903.
2. On or around April 14, 2009, Respondent registered as an investment adviser with the Securities Commissioner. This registration is currently effective.
3. Respondent is located in The Woodlands, Texas and has three (3) registered investment adviser representatives with the Securities Commissioner.
4. Respondent provides securities advice, recommendations, and executes securities transactions under a discretionary basis to 296 client accounts and has a total of \$51,248,352 assets under management.

5. From June 2021 through June 2023 (the "Relevant Period"), Respondent's investment advice to at least thirty-four (34) client accounts (the "Client Accounts") included the purchase of NAIL, a triple leveraged exchange-traded fund.
6. The investment objective of NAIL is to seek a daily return that is three times the return of an underlying benchmark, the Dow Jones U.S. Select Home Construction Index (the "Index"), which tracks U.S. companies in the home construction sector.
7. The prospectus provides the following disclosure: "The Fund is not suitable for all investors. The Fund is designed to be utilized only by knowledgeable investors who understand the potential consequences of seeking daily leveraged (3X) investment results, understand the risks associated with the use of leverage and are willing to monitor their portfolios frequently. The Fund is not intended to be used by, and is not appropriate for, investors who do not intend to actively monitor and manage their portfolios. For periods longer than a single day, the Fund will lose money if the Index's performance is flat, and it is possible that the Fund will lose money even if the Index's performance increases over a period longer than a single day. An investor could lose the full principal value of his/her investment within a single day if the Index loses more than 33% in one day."
8. Although Respondent allocated a relatively small percentage of each Client Account's holdings in NAIL to limit risk, Respondent used a buy-and-hold strategy for NAIL in Client Accounts and held NAIL, in some instances, for periods of more than 750 days.
9. Across all Client Accounts, Respondent's buy-and-hold strategy of NAIL during the Relevant Period resulted in recognized and unrecognized losses of \$22,994.69.
10. Respondent's written supervisory procedures specifically recognize the duties that investment advisers owe their clients and required Respondent to have a reasonable basis for investment advice.

#### CONCLUSIONS OF LAW

1. Respondent's implementation of a buy-and-hold strategy in connection with NAIL violated the aforementioned requirements in Respondent's written supervisory procedures and was, therefore, a failure to reasonably enforce a supervisory system and a violation of §116.10 of the Rules and Regulations of the Texas State Securities Board ("Board Rules").
2. Pursuant to Section 4007.105(a)(13)(B) of the Texas Securities Act, the aforementioned violation of the Board Rule constitutes a basis for the issuance of an order reprimanding Respondent.
3. Pursuant to Section 4007.106(a)(3) of the Texas Securities Act, Respondent's aforementioned violation of the Board Rule constitutes a basis for the assessment of an administrative fine against Respondent.

### UNDERTAKING

1. Respondent undertakes and agrees to pay a total of twenty-two thousand, nine hundred ninety-four dollars, and sixty-nine cents (\$22,994.69) to the affected clients.
2. Respondent further undertakes and agrees to pay the pro rata amount applicable to each affected client within sixty (60) days of the entry of this order and to provide evidence of payment to legal counsel for the Inspections and Compliance Division within seventy-five (75) days of the entry of this order.

### ORDER

1. It is therefore ORDERED that Bison Investment Advisors, LLC COMPLY with the terms of the Undertaking contained herein.
2. It is further ORDERED that Bison Investment Advisors, LLC is hereby REPRIMANDED.
3. It is further ORDERED that Bison Investment Advisors, LLC shall pay an ADMINISTRATIVE FINE in the amount of \$20,000. Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of \$20,000, payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 7<sup>th</sup> day of ~~August~~, 2023.

*September*

  
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TRAVIS J. ILES  
Securities Commissioner

Respondent:

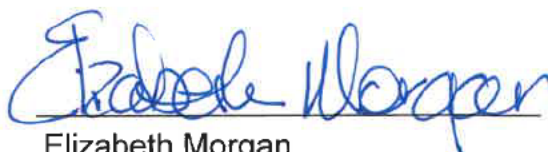


Mark Tidwell  
President and Chief Investment Officer

Approved as to Form:



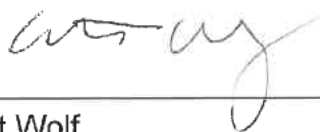
Clinton Edgar,  
Deputy Securities Commissioner



Elizabeth Morgan  
Counsel for Respondent

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Cristi Ochoa,  
Attorney  
Inspections and Compliance Division



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Elliott Wolf,  
Attorney  
Inspections and Compliance Division

Respondent:



Mark Tidwell  
President and Chief Investment Officer

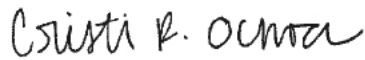
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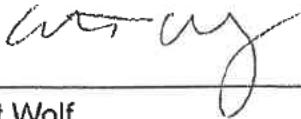
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Attorney  
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