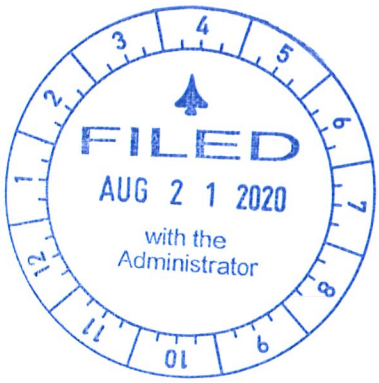
STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
204 NORTH ROBINSION, SUITE 400
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of

Pentecost Capital Management,Inc. (CRD #106078)
C. Daniel Pentecost (CRD#1066678)

ODS File 20-019

ANSWER REGARDING SUMMARY SUSPENSION AND REQUEST FOR HEARING

COMES NOW Pentecost Capital Management, Inc. (CRD # 106078) and Daniel Pentecost, Respondents in the above and entitled matter by and through their attorney, Gerald J. Lovoi, and for answer to the Summary Order Suspending Registrations (and Enforcement Division Recommendation) would allege and state as follows:

FINDINGS OF FACT FOUND IN THE SUMMARY ORDER SUSPENDING REGISTRATIONS

1. The Respondents admit the allegations contained within paragraph 1 of the Summary Order.

2. The Respondents admit the allegations contained within paragraph 2 of the Summary Order. It should be noted that Mark James Boyter was an investment advisor representative from 2011 to 2015.

3. The Respondents deny the allegations contained within paragraph 3 of the Summary Order and demand strict proof thereof;

CONCLUSIONS OF LAW FOUND IN THE SUMMARY ORDER SUSPENDING REGISTRATIONS

1. The Respondents deny the allegations contained within paragraph 1 of the Conclusions of Law found in the Summary Order and demand strict proof thereof.

2. The Respondents deny the allegations contained within paragraph 2 of the Conclusions of Law found in the Summary Order, and demand strict proof thereof.

ENFORCEMENT DIVISION RECOMMENDATION

1. The Respondents admit the allegations contained with paragraph 1 of the Enforcement Division Recommendation.

2. The Respondents **deny** the allegations contained within paragraph 2 of the Enforcement Division recommendation: **(Following the formation of PCM in February of 1997 at least four other advisor representatives were employed by PCM. All investment strategy and trades were devised and executed by C. Daniel Pentectost.)**

3. The Respondents admit the allegations contained within paragraph 3 of the Enforcement Division recommendation;

4. The Respondents admit the allegations contained within paragraph 4 of the Enforcement Division Recommendation.

5. The Respondents admit the allegations contained within paragraph **5** of the Enforcement Division Recommendation.

6. The Respondents **deny** the allegations contained within paragraph 6 of the Enforcement Division Recommendation, and demand strict proof thereof. **(As a result of the discharge, PCM and Pentecost are solvent.)**

UNETHICAL PRACTICES AS STATED IN THE ENFORCEMENT DIVISION RECOMENDATION

7. The Respondents admit the allegations contained within paragraph 7 of the Enforcement Division Recommendation.

8. The Respondents **deny** the allegations contained within paragraph 8 of the Enforcement Division Recommendation, and demand strict proof thereof; **(Client A is a very capable and independent woman. She has been a client and affiliate of PCM and Pentecost for more than 35 years. The client owns and routinely operates a Class A Motor Home, solo and unassisted. She handles all of her own finances and banking.)**

9. The Respondents admit the allegations contained within paragraph 9 of the Enforcement Division Recommendation.

10. The Respondents admit the allegations contained within paragraph 10 of the Enforcement Division Recommendation: **(The management occurred since approximately 1985.)**

11. The Respondents deny the allegations contained within paragraph 11 of the Enforcement Division Recommendation, and demand strict proof thereof. **(With regard to anything other than routine rebalancing, Pentecost discussed the transactions with Client A.)**

12. The Respondents admit the allegations contained within paragraph 12 of the Enforcement Division Recommendation.

13. The Respondents deny the allegations contained within paragraph 13 of the Enforcement Division Recommendation, and demand strict proof thereof;

14. The Respondents deny the allegations contained within paragraph 14 of the Enforcement Division Recommendation, and demand strict proof thereof.

15. The Respondents admit the allegations contained within paragraph 15 of the Enforcement Division Recommendation.

16. The Respondents deny the allegations contained within paragraph 16 of the Enforcement Division Recommendation, and demand strict proof thereof. **(The investments have not been unsuitable. They worked, and have provided Client A with a greater than 20.57 % annual return over the last 10 years.)**

17. The Respondents deny the allegations contained within paragraph 17 of the Enforcement Division Recommendation, and demand strict proof thereof;

18. The Respondents deny the allegations contained within paragraph 18 of the Enforcement Division Recommendation, and demand strict proof thereof;

19. The Respondents admit the allegations contained within paragraph 19 of the Enforcement Division Recommendation.

20. The Respondents admit the allegations contained within paragraph 20 of the Enforcement Division Recommendation.

21. The Respondents admit the allegations contained within paragraph 21 of the Enforcement Division Recommendation.

22. The Respondents admit the allegations contained within paragraph 22 of the Enforcement Division Recommendation.

23. The Respondents deny the allegations contained within paragraph 23 of the Enforcement Division Recommendation, and demand strict proof thereof. **(Respondent Pentecost was not a 50% owner of Q Factory.)**

24. The Respondents admit the allegations contained within paragraph 24 of the Enforcement Division Recommendation.

25. The Respondents admit the allegations contained within paragraph 25 of the Enforcement Division Recommendation.

26. The Respondents admit the allegations contained within paragraph 26 of the Enforcement Division Recommendation.

27. The Respondents admit the allegations contained within paragraph 27 of the Enforcement Division Recommendation.

28. The Respondents deny the allegations contained within paragraph 28 of the Enforcement Division Recommendation, and demand strict proof thereof;

29. The Respondents admit the allegations contained within paragraph 29 of the Enforcement Division Recommendation.

AUTHORITY

The legal authority as stated in the Recommendation is not applicable to the case at bar and is irrelevant. See the Respondents' Affirmative Defenses.

CONCLUSIONS OF LAW FOUND IN THE ENFORCEMENT DIVISION RECCOMENDATION

1. The Respondents deny the allegations contained within paragraph 1 of the Conclusions of Law (found within the Enforcement Division Recommendation), and demand strict proof thereof;

2. The Respondents deny the allegations contained within paragraph 1 of the Conclusions of Law (found within the Enforcement Division Recommendation), and demand strict proof thereof;

3. The Respondents deny the allegations contained within paragraph 3 of the Conclusions of Law (found within the Enforcement Division Recommendation), and demand strict proof thereof;

4. The Respondents deny the allegations contained within paragraph 4 of the Conclusions of Law (found within the Enforcement Division Recommendation), and demand strict proof thereof;

AFFIRMATIVE DEFENSES:

By way of Affirmative defenses the Respondents would allege and state as follows, to wit:

A. The Respondent C. Daniel Pentecost and Pentecost Capital Management, Inc. are not insolvent by definition, by reason of the fact that the bankruptcy was filed on April 16, 2020. Discharge has been entered, and therefore neither Respondent C. Daniel Pentecost , nor PCM are indebted or insolvent.

B. All aspects of Client A's investment profile were professionally and properly managed by the Respondents.

C. Investments placed by the Respondent's enhanced Client A's estate, and the thusly actions taken by the Respondent C. Daniel Pentecost provided benefit to Client A. Any criticism offered by the Securities Commission is subject to legitimate professional debate among professional advisers.

D. The loan to Respondent, C. Daniel Pentecost, by Client A conforms to Oklahoma State Law as well as FINRA Rule 3240.

E. As of 2018, Client A was a partner in Q-Factory. Loans to affiliates are permitted under OK State and FINRA Rule 3240.

F. Registrant did not receive timely notice prior to the suspension. A hearing is hereby requested, to resolve the multiple facts and allegations in dispute. The order to suspend should be immediately vacated pending the outcome of the requested hearing.

WHEREFORE PREMISES CONSIDERED the Respondents Object to all action taken by the Oklahoma Department of Securities and pray that the action submitted be stricken dismissed and held for naught and by way of this Respondents Request a Hearing. RESPONDENTS HEREBY DEMAND A HEARING. SAID HEARING SHOULD ADDRESS THE SUMMARY SUSPENSION AND ALL ISSUES. Respondents move that the Summary Order Suspending Registrations (and Enforcement Division Recommendation) be dismissed.

Respectfully Submitted,

GERALD J. LOVOI
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CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 21st day of August, 2020, a true and correct copy of the above and foregoing Answer was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to

Terra Shamas Bonnell
Amanda Cornmesser
Enforcement Attorneys
Oklahoma Department of Securites
204 North Robinson, Suite 400
Oklahoma City, Oklahoma 73102

GERALD J. LOVOI