

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 100820 / August 27, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22034

In the Matter of

TENSQUARE, LLC AND
KARL JENTOFT

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 15B AND 21C
OF THE SECURITIES EXCHANGE ACT
OF 1934, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS AND
A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15B and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Tensquare, LLC (“Tensquare”) and Karl Jentoft (“Jentoft”).

II.

In anticipation of the institution of these proceedings, Tensquare and Jentoft (collectively, “Respondents”) have submitted Offers of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15B and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offers, the Commission finds that:

Summary

This matter involves unregistered municipal advisory activity by Tensquare and its partner, Karl Jentoft. From 2019 to 2022, Tensquare, through Jentoft, provided municipal advisory services in connection with eight municipal bond issuances for the benefit of eight charter schools in Minnesota. These services included providing advice to the charter schools on the structure, timing, and terms of the issuances. During this period, Tensquare was not registered as a municipal advisor. By conducting municipal advisory activities without registering with the Commission, Tensquare willfully¹ violated the registration requirements of Section 15B(a)(1)(B) of the Exchange Act, and Jentoft caused Tensquare's violation.

Respondents

1. **Tensquare, LLC** is a District of Columbia limited liability company formed in 2011 and located in Washington, DC. Tensquare provides consulting services to charter schools, with a specialization in school facilities and project financing.

2. **Karl Jentoft**, 58 years old, is a resident of Washington, DC. Jentoft has been a partner at Tensquare since 2012.

Facts

3. Tensquare's consulting services to charter schools include assistance with real estate development and school improvement. Tensquare's real estate development services include assistance with project financing and construction management. On certain occasions, Tensquare, through Jentoft, provided its clients with advice regarding the issuance of municipal securities. At issue in this matter is Tensquare's and Jentoft's municipal advisory activity between September 2019 and June 2022 (the "relevant period").

4. During the relevant period, Tensquare and Jentoft engaged in municipal advisory activity when Jentoft provided advice to the eight Minnesota charter schools in connection with eight bond offerings. The advice that Tensquare and Jentoft provided to the charter schools included: (a) advice on the structure, timing, and terms of the offerings; (b) providing information on debt financing structuring options, including the sale of municipal securities; (c) advising on current interest rates; (d) participating in the bond pricing process; and (e) soliciting and selecting underwriters for the bond offerings. Tensquare's advice was particularized to the specific needs, objectives, and circumstances of its clients. The eight charter schools financed approximately \$79 million in aggregate amount of municipal securities in the eight offerings. Tensquare charged the eight charter schools consulting fees for its municipal advisory services.

¹ "Willfully," for purposes of imposing relief under Section 15B of the Exchange Act "means no more than that the person charged with the duty knows what he is doing." Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." Tager v. SEC, 344 F.2d 5, 8 (2d Cir. 1965).

5. Jentoft was aware of the municipal advisor registration requirements, however the firm never registered with the Commission. As a result, Tensquare was not registered as a municipal advisor when Tensquare and Jentoft engaged in municipal advisory activity during the relevant period.

Violations

6. Municipal advisors include financial advisors who provide advice to municipal entities with respect to the issuance of municipal securities, including advice with respect to the structure, timing, terms and other similar matters concerning such issuances. See Exchange Act Section 15B(e)(4)(A) and (B). In 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, which amended Section 15B of the Exchange Act to provide for the registration and regulation of municipal advisors. The adopting release for the registration rules notes that the municipal advisor registration requirements and regulatory standards were intended to mitigate some of the issues observed with the conduct of some municipal advisors, including “pay to play” practices, undisclosed conflicts of interest, advice rendered by financial advisors without adequate training or qualifications, and failure to place the duty of loyalty to their clients ahead of their own interests. See Registration of Municipal Advisors, SEC Rel. No. 34-70462 (Sept. 20, 2013), 78 Fed. Reg. 67468, 67469 (Nov. 12, 2013). Section 15B(a)(1)(B) of the Exchange Act makes it unlawful for “a municipal advisor to provide advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities” without being registered under the Commission’s final municipal advisor rules.

7. By conducting municipal advisory activities when it was not registered as a municipal advisor with the Commission, Tensquare willfully violated the registration requirements of Section 15B(a)(1)(B) of the Exchange Act. Jentoft caused Tensquare’s violation of Section 15B(a)(1)(B) of the Exchange Act.

Disgorgement

8. The disgorgement and prejudgment interest ordered in paragraph IV.C is consistent with equitable principles, does not exceed Tensquare’s net profits from its violations, and will be distributed to the eight charter schools to the extent feasible. The Commission will hold funds paid pursuant to paragraph IV.C in an account at the United States Treasury pending distribution. Upon approval of the distribution final accounting by the Commission, any amounts remaining that are infeasible to return to the eight charter schools, and any amounts returned to the Commission in the future that are infeasible to return to the eight charter schools, may be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents’ Offers.

Accordingly, pursuant to Sections 15B and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondents shall cease and desist from committing or causing any violations and any future violations of Section 15B(a)(1)(B) of the Exchange Act.

B. Respondent Tensquare is censured.

C. Tensquare shall, within ten (10) days of the entry of this Order, pay disgorgement of \$51,716 and prejudgment interest of \$9,523.59 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

D. Tensquare shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$50,000, and Jentoft shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$40,000, to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

E. Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Tensquare and Jentoft as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to LeeAnn Ghazil Gaunt, Chief, Public Finance Abuse Unit, Division of Enforcement, Securities and Exchange Commission, 33 Arch Street, 23rd Floor, Boston, MA 02110-1424.

F. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the disgorgement, prejudgment interest and penalties referenced in paragraphs IV.C and IV.D above. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated

as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent Jentoft, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Jentoft under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent Jentoft of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary