

**COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, ROOM 1701
BOSTON, MASSACHUSETTS 02108**

_____))
IN THE MATTER OF:))
))
KEVIN B. DEVANEY and))
KEITH HARRIS,))
))
RESPONDENTS.) Docket No. E-2021-0034

ADMINISTRATIVE COMPLAINT

I. PRELIMINARY STATEMENT

The Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (the “Enforcement Section” and the “Division,” respectively) files this Administrative Complaint (the “Complaint”) to commence an adjudicatory proceeding against Kevin B. Devaney (“Devaney”) and Keith Harris (“Harris”) (together, “Respondents”) for violations of M.G.L. c. 110A, the Massachusetts Uniform Securities Act (the “Act”), and the regulations promulgated thereunder at 950 Code Mass. Regs. 10.00 – 14.413 (the “Regulations”). The Enforcement Section alleges that Respondent Devaney engaged in acts and practices in violation of Sections 201(b) and 301 of the Act by offering and selling unregistered securities and employing unregistered agents to sell securities on behalf of Shamrock Finance, LLC (“Shamrock”). The Enforcement Section further alleges that Respondent Harris engaged in acts and practices in violation of Sections 101, 201(a), and 301 of the Act by offering and selling Shamrock’s unregistered securities for compensation while Harris was not registered to do so, and

preparing false statements of Shamrock's financial condition and profitability to convince Shamrock to continue issuing new securities.

The Enforcement Section seeks an order: 1) finding as fact the allegations set forth below; 2) finding all the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors; 3) requiring Respondents to permanently cease and desist from further conduct in violation of the Act and Regulations; 4) censuring Respondents; 5) Requiring Respondents to pay restitution to compensate investors for an losses attributable to the alleged Wrongdoing; 6) requiring Respondents to make offers of rescission to all investors who purchased securities sold in violation of the Act; 7) requiring each Respondent to provide a verified accounting of all proceeds received as a result of the alleged wrongdoing; 8) requiring Respondents to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing; 9) barring Respondent Devaney from offering or selling securities from and within Massachusetts for a period of five (5) years; 10) permanently barring Respondent Harris from offering or selling securities from and within Massachusetts; 11) permanently barring Respondent Harris from associating with or acting as a(n) broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, ~~Commission-registered~~ investment adviser, investment adviser exempted from registration, a person relying on an exclusion from the definition of investment adviser in any capacity, issuer, issuer-agent, or as a partner, officer, director, or control person of any of the foregoing; 12) imposing an administrative fine on Respondents in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and

13) taking any such further action which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

II. SUMMARY

In 2008, after working in motorcycle and car dealerships and as a machinist for his father, Kevin Devaney opened Shamrock Finance, LLC (“Shamrock”) to provide used car dealerships with floor-plan lending, primarily in New England. In floor-plan lending, the lender provides funds to a used car dealership to purchase a car, usually at auction; the lender retains title to the car until the dealership sells it; and the lender receives interest and repayment of principal when the dealership sells the car. Following its incoming Chief Financial Officer’s discovery of accounting irregularities, including significant overstatement of Shamrock’s income, Shamrock declared bankruptcy in March 2021. Keith Harris and David Pierce (“Pierce”), accountants for Shamrock, solicited investments in Shamrock from approximately fifty-four (54) Massachusetts residents, while Devaney solicited investments from an additional four (4) Massachusetts residents. These investors contributed approximately \$11 million, and together with interest now have outstanding note balances of more than \$12 million. Current estimates are that these investors will receive approximately \$3.5 million from Shamrock’s liquidation, approximately \$8.7 million less than they are due under the promissory notes issues by Shamrock.

Initially, Devaney funded Shamrock’s loans to used car dealerships with his own savings. However, by 2012, Shamrock seemed successful and Devaney sought additional funds to provide more loans and grow the business. Harris and Pierce, who had provided accounting services, including tax preparation, since Shamrock’s inception, told Devaney they knew individuals who could provide Shamrock with capital to grow its business. In

exchange, Harris and Pierce requested that Shamrock compensate them for their fundraising efforts with an ongoing percentage of all funds raised for Shamrock.

Shamrock agreed, and from until it ceased issuing promissory notes in, Pierce and Harris solicited substantially all of the approximately 6 million Shamrock raised through the sale of promissory notes, to fund business operations. Pierce and Harris solicited investments primarily from accounting clients of Pierce, whose firm is based in Topsfield, Massachusetts. Harris took the firm over upon Pierce's retirement in. Neither Pierce nor Harris ever registered in any capacity in the securities industry in Massachusetts, and Shamrock never registered the promissory notes in Massachusetts.

Throughout the time Pierce and Harris raised funds for Shamrock through the issuance of promissory notes, they also prepared Shamrock's tax returns. Harris primarily kept Shamrock's books and records, and calculated Shamrock's net income, a key metric of the profitability of the business. Devaney trusted his accountants to calculate accurately Shamrock's net income, keep track of its assets, liabilities, income, and expenses, and accurately report all of the above to him. Devaney depended on Harris to keep him informed of Shamrock's profitability in order for him to determine whether to remain in operation, whether Shamrock was generating sufficient income to meet its liabilities, including payments owed to investors and to Pierce and Harris, and whether Shamrock should raise more funds to continue expansion.

Up to and including 2018, Shamrock appeared profitable. For example, Harris provided Devaney accounting documents showing Shamrock generating a few hundred thousand dollars in net income on slightly more than \$2 million in annual floor-plan fees in 2018. The vast majority of Shamrock's expenses involved servicing its debt, amounting

to reported amounts of approximately .5 million in interest expense and , in annual commission payments to Pierce' accounting firm in .

Harris significantly underreported the amount of interest expense Shamrock paid on its promissory notes, overstating Shamrock's profitability. In , Pierce retired and surrendered his P license, and Harris took over his accounting practice. In mid ,

Harris directed Shamrock to transfer , to Harris's adult daughter, allegedly a redemption of her Shamrock promissory notes, to fund the purchase of a condo in New Hampshire. Harris knew, as the sole individual responsible for monitoring Shamrock's promissory note balances, that Shamrock did not owe his daughter , at this time. Despite claiming the , payment was a redemption of his daughter's promissory notes, Harris still continued to direct Shamrock to make interest payments to his daughter. Harris further requested, and received, a purported loan of \$5, from Shamrock. This loan carried no interest, and to date Harris has not repaid this loan.

In , Harris provided Evaney with documents showing Shamrock had a net loss for the year of approximately , on approximately . million in floor plan fees. In gain, the vast majority, approximately .6 million, of Shamrock's expenses were costs of servicing its debt, both through interest payments on the promissory notes and commission payments to Pierce and Harris. However, Harris made an unexplained \$5, credit adjustment to the interest payment account, reducing the claimed expense paid, and reducing the net loss from approximately \$6, . This is one example of continued efforts by Harris to inflate the profitability numbers of Shamrock.

Later in , Evaney told Harris that he did not wish for Harris to sell any more Shamrock promissory notes, and that he planned to hire a new chief financial officer

("CFO") and seek bank loans moving forward. Regardless, Harris, knowing that Shamrock could not meet its debt obligations going forward, including its payment of commission to Pierce's firm, without selling additional promissory notes, repeatedly pressured Devaney to allow him to sell additional promissory notes. Devaney eventually relented and permitted the sale of a few more promissory notes, though substantially fewer than Harris had been selling in previous years.

In 2020, Devaney did hire a new CFO, setting in motion a series of events that would culminate in the termination of Harris as accountant for Shamrock and Devaney, and, eventually, the filing of bankruptcy by Shamrock in March 2021. As part of her new role, the incoming CFO reviewed Shamrock's financial documents and discovered significant accounting irregularities, including the misreporting of note balances and interest expense noted above. When Devaney and the incoming CFO requested an explanation from Harris, he was unable to provide one and Shamrock promptly terminated the business relationship. Further review discovered Shamrock was in dire financial straits, caused in large part by significant over issuance of debt, over issuance which Harris encouraged, if not demanded, and disguised by falsified accounting documents understating expenses, and by extension overstating net income (or reducing net loss). Now, through this Administrative Complaint, the Enforcement Section seeks to fulfill its statutory mandate to prevent harm to Massachusetts investors and protect the public by holding Devaney and Harris accountable for their violations of Massachusetts securities laws.

III. JURISDICTION AND AUTHORITY

1. As provided for by the Act, the Division has jurisdiction over matters relating to securities pursuant to chapter 110A of the Massachusetts General Laws.
2. The Enforcement Section brings this action pursuant to the authority conferred upon the Division by Sections 407A and 414 of the Act, wherein the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and the Regulations.
3. This proceeding is brought in accordance with Sections 101, 201, 301, and 414 of the Act and the Regulations.
4. The Enforcement Section reserves the right to amend this Complaint and bring additional administrative complaints to reflect information developed during the current and ongoing investigation.

IV. RELEVANT TIME PERIOD

5. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of January 1, 2012, through March 31, 2021 (the "Relevant Time Period").

V. RESPONDENTS

6. Kevin B. Devaney ("Devaney") is a natural person with a last known address in Newburyport, Massachusetts. Devaney was the sole member and manager of Shamrock prior to March 2021.
7. Keith Harris ("Harris") is a natural person with a last known address in Seabrook, New Hampshire. Harris has been licensed in Massachusetts as a Certified Public

Accountant (license no. 14605) since November 1991. Harris worked for David Pierce's firm, which he took over upon Pierce's retirement.

VI. RELATED PARTIES

8. Shamrock Finance, LLC ("Shamrock") is a limited liability company organized under the laws of Massachusetts with a principal place of business in Ipswich, Massachusetts. Kevin Devaney was the sole member and manager of Shamrock prior to it declaring bankruptcy in March 2021.

9. David Pierce ("Pierce") is a natural person with a last known address in Topsfield, Massachusetts. Pierce was licensed in Massachusetts as a Certified Public Accountant (license no. 3518) from November 1972 until he surrendered his license in June 2018. Pierce ran his own accounting firm in Topsfield, Massachusetts prior to his retirement.

VII. STATEMENT OF FACTS

A. Background

10. Devaney formed Shamrock in 2008 after owning and running motorcycle and car dealerships.

11. Shamrock was in the business of providing floor-plan lending to used car dealerships in Massachusetts, New Hampshire, Rhode Island, and Connecticut. Shamrock also occasionally provided lending to dealerships in Texas and Florida.

12. In floor-plan lending, the lender provides a car dealership the funds to purchase a vehicle, generally at dealer only auto auctions, and occasionally in private sales, retains title to the vehicle as collateral, and receives the funds loaned plus interest when the vehicle is sold.

13. Shamrock's contracts with dealerships dictated that the car was to be sold within 280 days.

14. In 2021, Shamrock Finance provided floor-plan lending to 55 dealerships. At its peak in 2019, it provided floor-plan lending to approximately 100 dealerships.

i. Shamrock Fundraising

15. Prior to his retirement, Pierce owned an accounting firm in Topsfield, Massachusetts.

16. Beginning in the 1980s, Pierce provided accounting services to Devaney's father, who introduced Devaney to Pierce.

17. By the early 2000s, Harris began working for Pierce's accounting firm.

18. Shamrock received accounting services from Pierce's firm until June 2020. Harris was responsible for a majority of the work performed, and substantially all of the work following Pierce's 2018 retirement.

19. When Devaney started Shamrock, he initially funded it with his own money.

20. After a few years, Devaney began looking into ways to acquire additional funds to expand the Shamrock business.

21. In exchange for connecting Shamrock with individual investors to enable Shamrock's expansion, Pierce and Harris sought compensation for their fundraising efforts.

22. In July 2012, Devaney, as manager of Shamrock, and Pierce entered into a Marketer Agreement where Shamrock agreed to pay Pierce five percent (5%) annually of all funds Pierce raised for Shamrock.

23. Harris signed this Marketer Agreement as a witness.

24. Between 2012 and 2020, Shamrock sold promissory notes (“Notes”) totaling approximately \$16 million to approximately 86 investors. Pierce and Harris sold the majority of the Notes to their accounting clients.
25. Harris alone drafted the Notes sold for Shamrock, and did not consult anyone in the course of doing so.
26. Documents provided to investors in connection with the solicitation of Note purchases represented that the proceeds of the Notes would be used to increase lines of credit to existing customers of Shamrock, and to extend secured revolving credit to new dealership.
27. These documents also stated that the proceeds of the Notes would not be used to pay for Shamrock’s operating expenses.
28. Devaney signed the Notes as manager of Shamrock.
29. The Notes paid annual interest of twelve percent (12%).
30. Devaney and Shamrock agreed to pay this interest rate following Pierce and Harris’s representations that Shamrock could afford that level of interest payment.
31. Beginning in 2015, Shamrock capped the maximum commission it would pay in connection with the sale of Notes at \$180,000 annually.
32. Shamrock paid total commissions of approximately \$1.4 million in connection with the sale of Notes. Shamrock transferred an additional \$235,000 to Harris or his family members at Harris’s direction. There was no legitimate business purpose for these payments.
33. Shamrock’s offers and sales of promissory notes originated from Massachusetts and Shamrock sold Notes to multiple Massachusetts residents.

34. Harris's offers and sales of Shamrock Notes originated from Massachusetts, occurred in connection with Harris's Massachusetts-based accounting business, and Harris sold Shamrock Notes to multiple Massachusetts residents.

35. Neither Shamrock nor Harris have ever been registered in any capacity in the securities industry in Massachusetts.

36. Shamrock's Notes have never been registered with the Division.

ii. Devaney's Involvement in the Sale of Shamrock Promissory Notes

37. Devaney sold Notes to several individuals, including people he knew from his work in the car industry, their friends and contacts, and Devaney's friends and family members.

38. Devaney spoke with purchasers of Notes solicited by Pierce and Harris on multiple occasions. These discussions occurred both before and after the sale of the Notes.

39. These interactions frequently involved Devaney explaining Shamrock's business, how it generated revenue, risks of the business, and steps Shamrock took to mitigate those risks.

40. Devaney personally guaranteed every Note at the direction of Harris.

41. Beginning in 2019, Devaney told Harris that he did not wish to sell any more Notes, that he intended to seek more traditional lending resources, including bank loans, and that he planned to hire a new Chief Financial Officer ("CFO").

B. Harris Directed Shamrock to Make Payments to Harris and Harris's Family

42. On May 23, 2018, Harris directed Devaney to have Shamrock wire \$200,000 to Harris's daughter within the next 24 hours.

43. Harris represented to Shamrock at the time that these funds were a redemption of his daughter's Notes, and she needed the funds in connection with qualifying for a loan.

44. The principal balance of Harris's daughter's Notes at this time was \$118,500, significantly less than the \$200,000 Harris directed Shamrock to redeem.
45. On May 24, 2018, Devaney wired \$200,000 from a Shamrock business account to Harris's daughter.
46. On information and belief, Harris's daughter needed the \$200,000 by the next day to advance a real estate transaction.
47. On June 15, 2018, less than a month later, Harris's daughter purchased a condominium located in Newmarket, New Hampshire at a purchase price of \$223,000.
48. At approximately the same time Harris directed Shamrock to transfer \$200,000 to his daughter, Harris took steps to dissuade other investors from redeeming their Notes.
49. Harris sought to dissuade other investors from redeeming their Notes because Shamrock did not have sufficient cash on hand to redeem their Notes.
50. Despite Harris taking steps to convince investors not to redeem their Notes because he knew Shamrock was not able to afford redemptions, Harris demanded Shamrock transfer 169% of his daughter's principal balance within 24 hours.
51. Harris provided documents to Shamrock at the end of 2019 that continued to show his daughter's principal Note balance as \$118,500, and stated she was owed \$14,220 in interest for the year.
52. On December 19, 2019, Harris deposited a check for \$35,000 from Shamrock into his business account.
53. This check purported to be a loan from Shamrock to Harris's CPA practice.
54. This purported loan carried no interest.
55. Neither Harris's CPA practice, nor Harris personally, ever repaid this loan.

56. After depositing this purported loan, Harris took a \$5,000 draw, paid an approximately \$13,000 credit card bill, and transferred \$5,000 to Pierce, before receiving any other deposits.

C. Harris Prepared Falsified Statements of Shamrock's Financial Condition

57. Early in Shamrock's business relationship with Pierce's firm, Harris took over primary responsibility for providing accounting services to Shamrock, including the preparation of tax returns.

58. After Pierce and Harris sold Notes totaling \$3.6 million, Devaney informed Pierce and Harris that Shamrock would no longer pay Pierce's firm five percent (5%) of the outstanding principal balance of Notes.

59. Instead, Shamrock would pay Pierce's firm no more than \$180,000 annually for his fundraising efforts, regardless of any Notes sold in the future.

60. Despite Harris's representations, Devaney was not convinced Shamrock could pay 5% annually of the outstanding principal balance of all Notes sold to date and remain in business, and stated as such when he capped payments going forward.

61. Part of the accounting services Harris was responsible for providing to Shamrock included keeping a record of all Shamrock noteholders, the principal balance of their Notes, and the amount of interest owed.

62. Harris was also responsible for the preparation of Shamrock's business tax returns.

63. The preparation of Shamrock's business tax returns required Harris to calculate Shamrock's net income for the tax period. To calculate Shamrock's net income, Harris also had to calculate Shamrock's income and expenses.

6 . s the individual responsible for calculating Shamrock's annual net income, Harris knew that Shamrock's annual net income was not sufficient to cover the debt load of the Notes and pay ongoing compensation to Pierce's firm as compensation for the sale of Notes.

65. Nonetheless, Hanis prepared financial statements that significantly inflated Shamrock' net income, and showed, falsely, that Shamrock could continue to afford these payments.

66. Additionally, Hards prepared documents that purported to be a cash basis trial balance, and provided these documents to Devaney in his role as Shamrock's manager.

67. These documents included an interest expense account.

68. Despite showing outstanding Notes of approximately \$13.6 million in 2018 and \$16.5 million in 2019, the interest expense for both periods was less than \$500, and was \$0 in 2019.

69. These documents show an account for "return on investment," which appears to generally have a debit balance. Expenses increase with debit entries, and decrease with credit entries. It is therefore reasonable to assume that the return on investment account is an expense.

70. The unadjusted balance for the return on investment account had a debit balance of approximately \$1.96 million.

71. \$1.96 million is approximately 12% of \$16.5 million. As noted above, Notes generally paid an interest rate of 12%.

72. On information and belief, the return on investment account on the trial balance Harris provided to Shamrock represents, in part, interest paid on Notes.

73. In 2019, the return on investment account has adjusting entries netting to a debit entry of approximately \$278,000, and an adjusted amount of approximately \$1.68 million.

74. These entries, for which there is no ready explanation, resulted in the reduction of an expense account by approximately \$278,000, and the increase of net income by the same amount.

75. In 2019, Devaney began looking into hiring a CFO to oversee the financial aspects of Shamrock Finance.

76. Until he was able to hire a CFO and they had a chance to review Shamrock's books and records, Devaney wanted to pause new sales of Notes.

77. In 2019 Devaney informed Harris of his desire to cease selling Notes. He also informed Harris that, moving forward, Shamrock intended to cease raising funds through private sales of Notes, and would seek bank loans for further funding.

78. Harris, instead, pressured Devaney repeatedly to allow him to sell additional Notes for Shamrock.

79. Harris sought to sell additional promissory notes for Shamrock because he knew, and was concealing from Devaney, that Shamrock could not pay interest on existing Notes solely from its business cash flows.

80. Harris knew, and was concealing from Shamrock, that he needed to sell additional Notes in order for Shamrock to have cash available to pay the debt on its Notes.

81. From its formation until June 2020, Harris maintained Shamrock's books and records.

82. Harris knew that seeking a bank loan would subject Shamrock's financial status to significant scrutiny, and knew or should have known that this scrutiny would discover he was inflating Shamrock's net income.

83. Harris knew that if Shamrock hired a new CFO, as Devaney indicated he intended, this new CFO would review Shamrock's financial condition, and discover Harris's improprieties.

84. In fact, Shamrock did hire a new CFO in early 2020. As part of their initial review of Shamrock's finances, the new CFO discovered Harris's financial reporting improprieties, resulting in the termination of Shamrock's business relationship with Harris, and ultimately resulting in Shamrock declaring bankruptcy.

D. Shamrock Bankruptcy

i. Background

85. Beginning in June 2020, Shamrock's newly hired CFO took over maintaining Shamrock's books and records.

86. Shamrock's CFO's review ultimately determined that Shamrock was in a significantly worse financial situation than Harris represented, and in March 2021, Shamrock filed for bankruptcy protection in the United States Bankruptcy Court for the District of Massachusetts – Eastern Division (the "Bankruptcy Court").

ii. Appointment of Bankruptcy Examiner and Findings

87. On April 23, 2021, the Bankruptcy Court ordered the United States Trustee (the “Trustee”) to appoint an examiner (the “Examiner”) to report to the Bankruptcy Court on a number of matters.

88. Among these matters was the conduct of Harris, and the amounts paid to Harris and the reasons for those payments.

89. The Bankruptcy Court initially directed the Examiner to file their written report on all matters on or before June 14, 2021.

90. On June 2, 2021, the Examiner moved to extend his deadline to submit the written report to September 14, 2021, and the Bankruptcy Court granted this motion on June 8, 2021. The Examiner submitted a further motion to extend the deadline to submit the written report a further two months on September 7, 2021, and this motion was denied on September 21, 2021, requiring the submission of the report within fourteen (14) days.

91. Harris refused to produce any of the documents requested by the Examiner, and invoked his right against self-incrimination under the Fifth Amendment and Article 12 of the Massachusetts Declaration of Rights.

92. Despite the significant difficulties faced in its investigation resulting from Harris’s invocation of his Fifth Amendment and Article 12 rights, the Examiner found that Harris made multiple misrepresentations to Shamrock Investors, including stating, falsely, that their funds would not be used to pay Shamrock’s operating expenses, and stating, falsely, that their funds would be protected by a security interest in certain of Shamrock’s assets.

iii. Bankruptcy Proceedings

93. Of the \$16,785,286.45 in claims submitted to the Bankruptcy Court the vast majority are claims submitted by purchasers of Notes (the “Noteholders”).

94. Massachusetts residents, almost exclusively Noteholders, submitted more than \$14 million in claims.

95. On March 16, 2022, the Bankruptcy Court filed an order authorizing the sale of Shamrock Finance to Lendbuzz, Inc. (“Lendbuzz”), and approving the Asset Purchase Agreement.

96. The sale closed on March 23, 2022, with Lendbuzz paying Shamrock \$3,531,786 after adjustments.

97. As of April 30, 2022, Shamrock Finance had approximately \$7,200,000 cash on hand with which to pay its creditors.

98. As many as 57 Massachusetts residents who purchased Notes and, relying on Harris and Devaney’s statements that the Notes were secured by Shamrock’s assets, took no steps under Shamrock’s plan of to secure their interest, will lose approximately \$9 million reorganization

99. Keith Harris has not filed for bankruptcy in his individual capacity.

100. Kevin Devaney has not filed for bankruptcy in his individual capacity.

VIII. VIOLATIONS OF LAW

Count 1 – Violations of M.G.L. c. 110A, § 101

101. Section 101 of the Act provides:

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly:

(1) to employ any device, scheme, or artifice to defraud,

- (2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, or
- (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

M.G.L. c. 110A, § 101.

102. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

103. The conduct of Respondent Harris, as described above, constitutes violations of M.G.L. c. 110A, § 101.

Count 2 – Violations of M.G.L. c. 110A, § 201(a)

104. Section 201(a) of the Act provides:

It is unlawful for any person to transact business in this commonwealth as a broker-dealer or agent unless he is registered under this chapter. M.G.L. c. 110A, § 201(a).

105. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

106. The conduct of Respondent Harris, as described above, constitutes violations of M.G.L. c. 110A, § 201(a).

Count 3 – Violations of M.G.L. c. 110A, § 201(b)

107. Section 201(b) of the Act provides:

It is unlawful for any broker-dealer or issuer to employ an agent unless the agent is registered. The registration of an agent is not effective during any period when he is not associated with a particular issuer. When an agent begins or terminates a connection with a broker-dealer or issuer, or begins or terminates those activities which make him an agent, the agent as well as the broker-dealer or issuer shall promptly notify the secretary.

M.G.L. c. 110A, § 201(b).

108. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

109. The conduct of Respondent Devaney, as described above, constitutes violations of M.G.L. c. 110A, § 201(b).

Count 4 – Violations of M.G.L. c. 110A, § 301

110. Section 301 of the Act provides:

It is unlawful for any person to offer or sell any security in the commonwealth unless:--

- (4) The security is registered under this chapter;
- (5) The security or transaction is exempted under section 402; or
- (6) The security is a federal covered security

M.G.L. c. 110A, § 301.

111. Section 401(k) of the Act provides:

“Security” means any note; stock; treasury stock; bond; debenture; evidence of indebtedness; certificate of interest or participation in any profit-sharing agreement; collateral-trust certificate; preorganization certificate of subscription; transferable share; investment contract; voting-trust certificate; certificate of deposit for a security; certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease; or, in general, any interest or instrument commonly known as a “security,” or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. “Security” does not include any insurance or endowment policy or annuity contract under which an insurance company promises to pay money either in a lump sum or periodically for life or some other specified period.

M.G.L. c. 110A, § 401(k)

112. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

113. The conduct of Respondents, as described above, constitutes violations of M.G.L. c. 110A, § 301.

IX. STATUTORY BASIS FOR RELIEF

Section 407A of the Act provides:

(a) If the secretary determines, after notice and opportunity for hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take such affirmative action, including the imposition of an administrative fine, the issuance of an order for an accounting, disgorgement or rescission or any other such relief as in his judgment may be necessary to carry out the purposes of [the Act].

M.G.L. c. 110A, § 407A.

X. PUBLIC INTEREST

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors for the Director to enter an order finding that such “action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of this chapter [M.G.L.c. 110A].”

XI. RELIEF REQUESTED

The Enforcement Section of the Division requests that an order be entered:

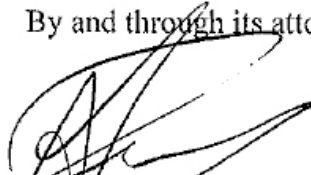
- A. Finding as fact all allegations set forth in Section VII, inclusive of the Complaint;
- B. Finding that all the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors;
- C. Requiring Respondents to permanently cease and desist from further conduct in violation of the Act and Regulations;

- D. Censuring Respondents;
- E. Requiring Respondents to pay restitution to compensate investors for all losses attributable to the alleged wrongdoing;
- F. Requiring Respondents to make offers of rescission to all investors who purchased securities sold in violation of the Act;
- G. Requiring Respondents, individually, to provide a verified accounting of all proceeds they received as a result of the alleged wrongdoing;
- H. Requiring Respondents to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing;
- I. Barring Respondent Devaney from offering or selling securities for which a valid registration statement has not been filed from and within Massachusetts;
- J. Permanently prohibiting Respondent Harris from offering or selling securities from and within Massachusetts;
- K. Permanently barring Respondent Harris from associating with or acting as a(n) broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, Securities and Exchange Commission-registered investment adviser, investment adviser exempted from registration, a person relying on an exclusion from the definition of investment adviser in any capacity, issuer, issuer-agent, or as a partner, officer, director, or control person of any of the foregoing;
- L. Imposing an administrative fine on Respondents in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and

M. Taking any such further action which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

**MASSACHUSETTS SECURITIES DIVISION
ENFORCEMENT SECTION**

By and through its attorneys,



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Dated: November 21, 2022