

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

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IN THE MATTER OF:)	
)	
ARO EQUITY, LLC,)	
THOMAS DAVID RENISON, AND)	
TIMOTHY JAMES ALLCOTT,)	
)	
RESPONDENTS.)	Docket No. E-2017-0108
)	

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 ARO Equity, LLC, Thomas David Renison, and Timothy James Allcott (collectively, “Respondents”) for violations of MASS. GEN. LAWS ch. 110A, the Massachusetts Uniform Securities Act (the “Act”), and the regulations promulgated thereunder at 950 MASS. CODE REGS. 10.00 – 14.413 (the “Regulations”). The Enforcement Section alleges that Respondents engaged in acts and practices in violation of Sections 101, 201, and 301 of the Act and Regulations.

The Enforcement Section seeks an order: 1) finding as fact the allegations set forth below; 2) finding that 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) barring Respondents from associating with or acting as a registered investment adviser, an investment adviser required to be registered, an investment adviser exempted from registration, a person relying on an exclusion from the definition of investment adviser in any capacity, a broker-dealer, a broker-dealer agent, an issuer, an issuer-agent, or any entity or individual exempt, excluded, or required to be registered as such; 6) requiring Respondents to provide a verified accounting for all losses attributable to the alleged wrongdoing; 7) requiring Respondents to pay restitution to fairly compensate investors for all losses attributable to the alleged wrongdoing; 8) requiring Respondents to provide a verified accounting for all profits, direct or indirect compensation, and remuneration received by Respondents in connection with the alleged wrongdoing; 9) requiring Respondents to disgorge all profits, direct or indirect compensation, and remuneration received by Respondents in connection with the alleged wrongdoing; 10) requiring Respondents to make rescission offers to all investors who purchased securities sold in violation of the Act; 11) imposing an administrative fine on Respondents in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and 12) taking any such further action which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

II. SUMMARY

In 2014, the Securities and Exchange Commission (“SEC”) issued an order permanently barring former investment adviser representative Thomas David Renison (“Renison”) from the securities industry. The SEC’s order was the capstone of years of litigation stemming from Renison’s role in a 2008 scheme to defraud one of his former advisory clients through the sale of a promissory note. As a result of his role in that

scheme, Renison was found liable after civil trial for a \$1.4 million restitution award, was found to have violated the Maine Uniform Securities Act, and was charged by the United States Department of Justice with a criminal complaint for conspiring to commit wire fraud. The criminal charge against Renison was later dismissed without prejudice, and Renison testified at trial against his co-conspirator under a grant of immunity.

Renison has proved a recidivist offender. Little over one year after the SEC issued its permanent bar, Renison helped to establish a purported private equity fund known as ARO Equity. Operating primarily out of its principal place of business in a Peabody, Massachusetts trailer park, ARO Equity is a self-described “private investment fund” which claims to invest in various business ventures throughout Massachusetts and New England. Under the direction of Respondent Timothy Allcott, the disclosed manager of ARO Equity, and Renison, ARO Equity has taken in over \$5.8 million of investor funds since August 2015. These funds have been raised primarily through the sale of unsecured promissory notes, promising 8-12% annual returns over three to five-year terms. The vast majority of these funds have been raised through the efforts of Renison, who has solicited and exploited the trust of several of his former investment advisory and insurance clients. Several investors are in their eighties. Many have made significant investments from their retirement accounts, after being convinced to transfer qualified retirement assets to a self-directed IRA for the purpose of investing in ARO Equity.

The promissory notes sold through Renison by ARO Equity are securities. In connection with the offer and sale of those securities, Respondents have collectively made multiple material misstatements or omissions of material fact. Respondents have failed to inform current note holders and prospective note purchasers of Renison’s

criminal and disciplinary history. In at least two cases, ARO Equity has sold notes containing explicit terms governing use of funds and disregarded the terms of those notes. Respondents have assured investors that their money is generally safe or somehow guaranteed, and have failed to truthfully inform investors of the fund's past or present performance. Furthermore, since its creation, ARO Equity principals have received undisclosed and excessive commission payments and executive compensation in exchange for soliciting investments and managing the fraudulent scheme.

Despite representations to the contrary, ARO Equity has "invested" approximately half of the money received from investors, and the substantial majority of those investments have resulted in significant losses to the fund. Purported investments in two Massachusetts companies have resulted in losses of over \$1.6 million. Notwithstanding these losses, the principals of the fund have awarded themselves over \$1 million of investor capital contributed to the fund. For his role in soliciting investors on behalf of ARO Equity, Renison alone has taken in over \$710,000 in undisclosed commissions and executive compensation. In a shallow attempt to shield his involvement from securities regulators and his creditors – including his previously defrauded victim – Renison has arranged to be compensated through check and wire transfers to bank accounts held in the name of his wife and other members of his immediate family. Approximately \$700,000 has been returned to investors in ARO Equity, through scheduled monthly payments of purported interest on their notes. With little to no actual return on the fund's business investments, monthly returns to ARO Equity investors are paid using funds raised from other investors, the classic hallmark of a Ponzi scheme.

With this action, the Enforcement Section of the Division seeks to stop Respondents from defrauding investors through the offer and sale of unregistered and non-exempt securities in the Commonwealth.

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 Massachusetts General Laws.
2. The Enforcement Section brings this action pursuant to the authority conferred upon the Division by Section 407A of the Act, wherein the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act.
3. This proceeding is brought in accordance with Sections 101, 201, and 301 of the Act.
4. The Enforcement Section reserves the right to amend this Complaint and/or 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, 2015 to the present (the “Relevant Time Period”).

V. RESPONDENTS

6. ARO Equity, LLC (“ARO Equity”) is a limited liability company organized in Massachusetts on July 6, 2015. Although ARO Equity maintains a “virtual office” with a mailing address at One International Place, Boston, Massachusetts, its principal place of business is the shared mobile home of Timothy Allcott and Terrance O’Connor.

7. Thomas David Renison (“Renison”), age 64, is a resident of South Glastonbury, Connecticut. Renison is an undisclosed principal of ARO Equity. On March 5, 2018, Renison failed to appear before the Enforcement Section pursuant to a subpoena for testimony in this matter. Renison is a licensed insurance agent in Connecticut.

8. Timothy James Allcott (“Allcott”), age 58, is a resident of Peabody, Massachusetts, and a member of ARO Equity. Allcott appeared before the Enforcement Section and testified in this matter on February 21, 2018.

VI. RELATED PARTIES

9. Terrance O’Connor (“O’Connor”) is a resident of Peabody, Massachusetts, and a member of ARO Equity.

10. Thomas James Renison (“TJ Renison”), age 29, is a resident of South Glastonbury, Connecticut, and a purported member of ARO Equity. TJ Renison is the son of Thomas David Renison. TJ Renison holds his Series 6 and Series 63 securities licenses. Until February 27, 2018, TJ Renison was registered in Connecticut as a broker-dealer agent of Horace Mann Investors. On March 7, 2018, TJ Renison failed to appear before the Enforcement Section pursuant to a subpoena for testimony in this matter.

VII. STATEMENT OF FACTS

A. Background

i. Renison

11. Renison is a former registered investment adviser representative. On July 3, 2014, the Securities and Exchange Commission (“SEC”) issued an order barring Renison from “association with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.”

12. As grounds for its order, the SEC found that Renison had previously consented to an order issued by the Securities Administrator from the State of Maine, in which the Maine Securities Administrator found that Renison had committed at least five violations of the Maine Uniform Securities Act, including prohibitions on fraudulent and deceptive conduct.

13. Specifically, the Maine Securities Administrator's order found that, inter alia, Renison had made untrue statements of material fact in connection with the \$600,000 sale of an unsecured promissory note to a then-75-year-old client.

14. In connection with the same transaction, Renison was charged by criminal complaint with conspiring to commit wire fraud in violation of 18 U.S.C. § 1349. The United States later moved to dismiss Renison's criminal charge without prejudice, and Renison subsequently testified against his co-conspirator under a grant of immunity.

15. Also in connection with the transaction underlying the Maine Securities Administrator's order, Renison was sued by the purchaser of the promissory note. After a jury trial in Maine Superior Court, in which he invoked his Fifth Amendment rights against self-incrimination, Renison was found jointly and severally liable for a \$1,445,801.80 restitution order.

16. In April 2015, Renison's victim filed suit against him in Connecticut Superior Court, seeking to collect on the Maine restitution order by garnishing Renison's financial accounts.

17. In October 2015, Renison filed for Chapter 7 bankruptcy in United States Bankruptcy Court in the District of Connecticut, seeking to discharge his debt under the Maine restitution order.

18. In or around May 2015, Allcott, Renison, and O'Connor agreed to establish a purported private equity investment fund known as ARO Equity.

ii. Allcott & O'Connor

19. Allcott is a 58-year old graduate of Boston University who holds a bachelor's degree in performance cello. Allcott claims that he has a 60-70% ownership stake in ARO Equity and serves as the manager of ARO Equity.

20. Allcott and O'Connor reside in Peabody, Massachusetts in a shared mobile home, which serves as ARO Equity's principal place of business.

21. Allcott is the sole authorized signatory on ARO Equity's primary bank account.

22. Allcott and O'Connor manage their finances jointly. Since August 2015, Allcott and O'Connor have together received over \$295,000 of payments from ARO Equity's primary bank account, a substantial majority of which were made using ARO Equity investor capital.

23. Knowing that Renison's involvement in the private equity fund was barred by law, and in an attempt to protect Renison's proceeds from the venture from his creditors, Allcott, Renison, and O'Connor took steps to conceal Renison's involvement in ARO Equity.

24. Allcott, Renison, and O'Connor have directed Renison's commissions and executive compensation from ARO Equity to accounts held in the names of Renison's wife, his son TJ Renison, and another member of Renison's immediate family. In total, Respondents have transferred over \$550,000 of ARO Equity investor capital to a bank account held in the name of Renison's wife, and over \$155,000 to bank accounts held in the name of TJ Renison and Renison's other adult son.

iii. TJ Renison

25. TJ Renison is a 29-year old graduate of Eastern Connecticut State University and is the son of Thomas David Renison. In his testimony before the Enforcement Section, Allcott claimed that TJ Renison has a 5% ownership stake in ARO Equity.

26. On information and belief, TJ Renison serves as a member of the limited liability company in lieu of and as nominee for his father, Thomas David Renison.

27. Although Allcott claimed that TJ Renison is responsible for “fundraising” for ARO Equity, Thomas David Renison has in fact acted as the principal solicitor of investor funds for ARO Equity.

28. Throughout the relevant time period, TJ Renison allowed his father to make deposits and withdrawals from bank accounts held in the name of TJ Renison, and for which TJ Renison is the sole authorized signatory.

29. On July 6, 2016, ARO Equity filed a Certificate of Organization with the Corporations Division of the Secretary of the Commonwealth. The initial filing fee for a Massachusetts limited liability company is \$520.

30. On July 6, 2016 Renison paid Allcott by check half of the filing fee required to organize ARO Equity. Renison’s check was drawn from an account held in the name of TJ Renison. On the memo line of the check, Renison wrote: “LLC.”

B. The Note Offering

31. Since August 2015, ARO Equity has raised over \$5.8 million through the offer and sale of unregistered and unsecured promissory notes. On their face, these notes purport to provide between 8-12% annual interest rates over three to five-year terms.

ARO Equity has raised funds from at least fourteen investors residing in Massachusetts, Connecticut, Tennessee, and New Jersey.

32. ARO Equity represents to purchasers of its unsecured notes that ARO Equity is a private equity investment firm, which seeks to generate profits through investments in certain small to medium business ventures.

33. Since approximately November 2015, ARO Equity has maintained a website at www.aroequity.com (the "ARO Website"). Until early February 2018, the ARO Website stated that "ARO Equity is a private investment firm concentrating on acquisitions in the lower middle market." The ARO Website further described ARO Equity as "[a] private equity firm concentrated on investments and acquisitions in the lower middle market."

34. Most purchasers of ARO Equity notes are advanced retirees in their 70s and 80s who were insurance or investment advisory clients of Renison.

35. Until early February 2018, the ARO Website stated: "Private Investors: We are able to accept investments of 'qualified money', such as certain IRAs and self directed retirement accounts."

36. Since August 2015, ARO Equity has accepted contributions of over \$1.6 million in qualified retirement assets.

37. In connection with the offer and sale of ARO Equity's unsecured promissory notes, Respondents have made untrue statements of material fact or omitted to state certain material information.

38. First, Respondents have failed to inform investors of Renison's criminal and disciplinary history, including the SEC order barring Renison from acting as a broker of securities.

39. Second, Respondent ARO Equity has made untrue statements of material fact concerning the use of proceeds from the sale of at least two unsecured promissory notes.

40. Third, Respondents have failed to inform both current holders and prospective purchasers of ARO Equity notes that the fund sustained substantial losses of investor capital.

41. Fourth, Respondents have failed to inform investors of excessive undisclosed commissions and executive compensations from the proceeds of their note purchases.

C. ARO Equity's Undisclosed Losses

42. Since August 2015, ARO Equity has “invested” less than \$2.9 million of the approximately \$5.8 million funds raised from purchasers of its promissory notes. ARO Equity has invested this capital principally in three business ventures: a now-defunct Massachusetts electronics manufacturing company (the “Manufacturing Company”), a construction company (the “Construction Company”), and the parent company (the “Healthcare Company”) of a collection of affiliated entities purported to manage a network of urgent-care medical clinics in Massachusetts and Connecticut (collectively, the “Healthcare Affiliates”).

43. ARO Equity's investments in the Manufacturing Company and the Construction Company have resulted in a near total loss of investor capital. Respondents have failed to disclose these material losses to current and prospective investors.

i. The Manufacturing Company

44. The Manufacturing Company was a Massachusetts corporation and manufacturer of circuit boards and other electronic assemblies. ARO Equity was organized in anticipation of acquiring a significant ownership share of the Manufacturing Company.

45. In or around August 2015, ARO Equity purchased a majority ownership position in the Manufacturing Company. In his testimony before the Enforcement Section, Allcott stated that the purchase price was “around 850,000.”

46. On August 11, 2015, the Manufacturing Company filed a statement of change of supplemental information with the Corporations Division of the Secretary of the Commonwealth, naming TJ Renison, Allcott, and Allcott’s brother as directors of the corporation. Two days later, on August 13, 2015, ARO Equity transferred \$600,000 to the Manufacturing Company’s bank account.

47. Between August 2015 and January 2017, ARO Equity continued to make significant transfers of capital to the Manufacturing Company. In total, ARO Equity contributed approximately \$1.37 million of investor funds to the Manufacturing Company.

48. Notwithstanding these capital infusions, the Manufacturing Company operated at a significant loss. In or around February 2017, ARO Equity exited its ownership position in the Manufacturing Company. According to Allcott’s testimony, ARO Equity sold their ownership position back to the original co-founder of the company in exchange for \$70,000 and a share of the proceeds from the anticipated future sale of a certain piece of manufacturing equipment.

49. On February 22, 2017, the Manufacturing Company transferred \$50,000 by treasurer’s check to ARO Equity. Bank records for both ARO Equity and the Manufacturing Company show no further transfers of funds between the two entities.

50. On June 30, 2017, the Manufacturing Company was formally dissolved as a Massachusetts corporation. The losses from ARO Equity's investment in the Manufacturing Company have never been disclosed to current or prospective investors.

ii. The Construction Company

51. The Construction Company is a Massachusetts limited liability company organized in 2015. The Construction Company purports to be a service-disabled-veterans-owned business, focusing on construction management, materials, and site preparation.

52. ARO Equity and the Construction Company engaged in a purported profit-sharing agreement. Pursuant to this agreement, ARO Equity was to receive 70% of the profits generated by the business in exchange for ARO Equity's provision of working capital to the Construction Company.

53. Between May 2016 and June 2017, ARO Equity provided approximately \$372,000 in investor funds to the Construction Company.

54. To date, the Construction Company has made only one payment of \$25,000 to ARO Equity. The memo line on this check appears to read: "Return of equity investment."

55. On information and belief, the business relationship between the Construction Company and ARO Equity has been dissolved. The loss of ARO Equity's investment in the Construction Company has not been disclosed to current or prospective ARO investors.

iii. The Healthcare Company

56. The Healthcare Company is a Delaware limited liability company organized by Allcott on August 25, 2016.

57. ARO Equity is the majority owner of the Healthcare Company. Since August 2015, ARO Equity has contributed approximately \$1.1 million to the Healthcare Company and the Healthcare Affiliates. ARO Equity has received less than \$60,000 from these entities in return.

58. The Healthcare Company has failed to consistently generate profits. The Healthcare Company and the Healthcare Affiliates' lack of profitability has not been disclosed to current or prospective investors.

D. Material Misrepresentations and Undisclosed Compensation

i. Investor One

59. On July 24, 2017 ARO Equity sold a promissory note to Investor One, a then-86-year old retiree, in exchange for \$100,000. Per the terms of the note, ARO Equity is required to repay the original principal amount of \$100,000 within five years, plus an additional 12% annual interest rate.

60. Investor One's note contains terms restricting the use of Investor One's funds. Specifically, under a subsection titled "Use of Funds," the note states: "ARO hereby confirms that these funds will be used to fund Medical Receivables on behalf of [the Healthcare Company]."

61. Notwithstanding this "Use of Funds" provision, Investor One's capital was used to pay scheduled monthly returns to earlier investors, as well as tens of thousands of dollars to Renison and Allcott.

62. As reflected in the terms of his note, Investor One's investment was funded using assets held in a Roth IRA. In anticipation of his investment, Investor One rolled these funds over to a self-directed IRA.¹ On August 3, 2017, the custodian of this self-directed IRA transferred by wire Investor One's \$100,000 to the ARO Equity operating account.

63. Investor One's incoming wire transfer increased the balance of the ARO Equity operating account from \$7,675.05 to \$107,676.05.

64. The ARO Equity operating account received no additional deposits until August 10, 2017.

65. Between August 4, 2017, and August 8, 2017, ARO Equity transferred over \$12,000 to Allcott's personal checking account, \$7,000 to bank accounts held in the names of members of Renison's immediate family, and \$6,349.52 to earlier ARO Equity investors, consultants, and to restaurant bills.

ii. Investor Two

66. Investor Two, age 62, is a Connecticut resident and the daughter of two of Renison's former clients.

67. After the death of Investor Two's parents, Renison assisted Investor Two in collecting the proceeds of various insurance policies and accounts. Around this time, Renison solicited Investor Two to reinvest the proceeds of some of these policies into ARO Equity.

68. In or around August 2017, Renison and his younger son met with Investor Two in her home. Renison assured Investor Two that the investment would be safe and would eventually double in value.

¹ A self-directed IRA allows a person to hold non-traditional investments, such as promissory notes, while receiving the favorable tax treatment of an IRA. Self-directed IRAs must be held with an account trustee or custodian.

69. On August 7, 2017, ARO Equity sold a promissory note to Investor Two in the original principal amount of \$1,000,000, with an approximately five-year term and an 8% annual interest rate.

70. Under the subsection titled "Use of Proceeds," Investor Two's note states: "The Borrower [ARO Equity] confirms that the funds will be used in support of [the Construction Company]. A fully authorized 'Service Disabled Veterans Owned Small Business'. [sic]"

71. The proceeds of Investor Two's note were not used in support of the Construction Company.

72. On August 14, 2017, Investor Two transferred \$1,000,000 by wire to ARO Equity's operating account. Investor Two's incoming wire transfer increased the balance of the operating account from \$153,844.41 to \$1,153,844.41.

73. Between August 14, 2017, and September 10, 2017, the ARO Equity operating account received only \$4,022.30 in additional deposits.

74. On August 14, 2017, ARO Equity transferred \$165,000 by wire to an account held in the name of Renison's wife.

75. Between August 17, 2017 and August 29, 2017, ARO Equity transferred \$12,128.44 to an account held in the name of TJ Renison.

76. Between August 14, 2017 and August 31, 2017, ARO Equity transferred over \$117,000 to the Healthcare Company.

77. In the weeks that followed the receipt of Investor Two's investment, ARO Equity transferred a total of \$13,476.13 to previous ARO Equity investors in small amounts, representing purported returns on investment.

78. At no point after accepting Investor Two's investment did ARO Equity provide a single dollar to the Construction Company.

79. The final transfer of money from ARO Equity to the Construction Company took place on June 1, 2017, over two months before ARO Equity accepted an investment from Investor Two.

iii. Investor Three

80. Investor Three, age 63, is a Connecticut resident and the daughter of one of Renison's former clients.

81. Investor Three initiated four separate transfers of investment funds to ARO Equity in April 2016, totaling \$448,360.32.

82. After accepting funds from Investor Three, ARO Equity transferred \$56,915 to accounts held in the name of Renison's wife. ARO Equity also transferred \$9,884.31 to previous ARO Equity investors in small amounts, representing purported returns on their investments.

E. Conclusion

83. Respondents continue to offer and sell promissory notes in violation of the Act and Regulations.

84. In or around October 2015, Allcott offered and sold ARO Equity promissory notes to two residents of Peabody, Massachusetts in excess of \$380,000. As recently as January 29, 2018, Allcott offered and sold an additional promissory note to one of these Peabody residents, in the amount of \$131,117.66.

85. The unsecured promissory notes sold to investors by ARO Equity through Renison and Allcott are securities, and the offers of ARO Equity's promissory notes originate from the Commonwealth.

86. No registration statement for the offer or sale of ARO Equity's promissory notes has ever been filed or effective.

87. Neither Renison nor Allcott are registered in any capacity in the securities industry in Massachusetts.

VIII. VIOLATIONS OF LAW

Count I – Violations of MASS. GEN. LAWS ch. 110A, § 101

88. 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 the 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.

MASS. GEN. LAWS ch. 110A, § 101.

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

90. The conduct of Respondents, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 101.

Count II – Violations of MASS. GEN. LAWS ch. 110A, § 201

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

- (a) 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.

MASS. GEN. LAWS ch. 110A, § 201(a).

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

93. The conduct of Respondents Allcott and Renison, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201.

Count III – Violations of MASS. GEN. LAWS ch. 110A, § 301

94. Section 301 of the Act provides:

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

- (1) the security is registered under this chapter;
- (2) the security or transaction is exempted under section 402; or
- (3) the security is a federal covered security.

MASS. GEN. LAWS ch. 110A, § 301.

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

96. The conduct of Respondent ARO Equity, LLC, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 301.

IX. STATUTORY BASIS FOR RELIEF

Section 407A of the Act provides, in pertinent part:

- (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].

MASS. GEN. LAWS ch. 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 [MASS. GEN. LAWS ch. 110A].”

XI. RELIEF REQUESTED

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

- A. Finding as fact the allegations set forth in Section VII 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 the Regulations;
- D. Censuring Respondents;
- E. Barring Respondents from associating with or acting as a registered investment adviser, an investment adviser required to be registered, an investment adviser exempted from registration, a person relying on an exclusion from the definition of investment adviser in any capacity, a broker-dealer, a broker-dealer agent, an issuer, an issuer-agent, or any entity or individual exempt, excluded, or required to be registered as such;
- F. Requiring Respondents to provide a verified accounting for all losses attributable to the alleged wrongdoing;

- G. Requiring Respondents to pay restitution to fairly compensate investors for all losses attributable to the alleged wrongdoing;
- H. Requiring Respondents to provide a verified accounting for all profits, direct or indirect compensation, and remuneration received by Respondents in connection with the alleged wrongdoing;
- I. Requiring Respondents to disgorge all profits, direct or indirect compensation, and remuneration received by Respondents in connection with the alleged wrongdoing;
- J. Requiring Respondents to make rescission offers to all investors who purchased securities sold in violation of the Act;
- K. Imposing an administrative fine on Respondents in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and


L. 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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