

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

IN THE MATTER OF:

JOHN AUGUSTUS PICINI D/B/A THE CENTER
FOR SENIOR FINANCIAL PLANNING

)
) ADMINISTRATIVE
) COMPLAINT

) Docket No. E-2012-0052
)

SECRETARIES

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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 complaint (the "Complaint") in order to commence an adjudicatory proceeding against the above named Respondent, John Augustus Picini ("Picini" or "Respondent"), for violations of MASS. GEN. LAWS ch. 110A, the Massachusetts Uniform Securities Act (the "Act"), and 950 MASS. CODE REGS. § 10.00 *et seq.*, (the "Regulations").

The Enforcement Section seeks an Order: 1) requiring Respondent to permanently cease and desist from further conduct in violation of the Act and Regulations in the Commonwealth; 2) requiring Respondent to provide an accounting of all proceeds which were received as a result of the alleged wrongdoing, and to offer rescission to and fairly compensate investors for those losses attributable to the alleged wrongdoing; 3) requiring Respondent to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing; 4) imposing a permanent bar from registration for Respondent as an Investment Adviser, Investment Adviser Representative, Broker-Dealer, Broker-Dealer Agent, Issuer Agent, or a partner, officer, director or control person of an

Investment Adviser or Broker-Dealer; 5) imposing an administrative fine on Respondent in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and 6) taking any such further actions which may be in the public interest and necessary and appropriate for the protection of Massachusetts investors.

II. SUMMARY

This case involves Respondent's purposeful and ongoing scheme to defraud investors – primarily senior citizens and retired Massachusetts residents – by encouraging these investors with varying rationales to place into his custody their personal assets for investment. Picini then defrauded those investors by using their money for his personal benefit. Picini attempted to hide his wrongdoing through falsified account statements and regulatory filings, and a litany of dubious explanations and excuses.

Picini was a registered investment adviser and investment adviser representative with the Commonwealth of Massachusetts from December 5, 2005 through November 2, 2010. Throughout that time, Picini was required to file Form ADV each year to disclose changes in his advisory activity. From 2005 to 2010, Picini continued to represent on Form ADV that he had no investment advisory clients nor assets under management, and that he did not maintain custody of client funds. In fact, between 2005 and 2010, Picini did in fact conduct investment advisory business, did have advisory clients and assets under management, and did maintain custody of client funds – all disclosures that were required to have been updated through annual Form ADV filings.

Picini operates a business in North Attleboro, Massachusetts called “The Center for Senior Financial Planning.” As the name implies, Picini targeted elderly retirees and senior citizens, many of whom relied on Picini exclusively to protect their retirement

savings due to their advanced age or disability. In order to promote undeserved trust in his operation, Picini touted his qualifications for dealing with seniors, including his admission to the National Ethics Bureau and the Society of Senior Market Professionals.

The National Ethics bureau is a Colorado-based for-profit organization that purports, on its website, to provide membership to individuals in order for “consumers to be sure the advisor was properly licensed and current with their continuing education . . .” and to “provide advisors with tools and services to communicate their professional ethics to clients.” The National Ethics Bureau relies exclusively on publicly available information and cannot verify an advisor’s current activity is ethical. Yet, it continued to lend its imprimatur to Picini and his operation despite his unlawful activity – provided he continued to pay annual dues.

Picini advertised his “Accomplishments/Professional Designations” to include membership with the Society of Senior Market Professionals. Picini testified that the “Society of Senior Market Professionals” requires no expertise, qualifications or training to join. Only a fee is required in order to remain a member. By doing so, Picini violated Massachusetts regulations with respect to professional designations while he was registered as an investment adviser. Under Massachusetts regulations, a credential or professional designation that indicates or implies special certification or training in advising or servicing senior citizens must first be accredited by The National Commission for Certifying Agencies or the American National Standards Institute (ANSI).

Despite his legitimate and professional appearance, Picini engaged in a pattern of practices intended to defraud investors and then hide his wrongdoing. Picini tailored his

deception based upon the relationship he had with the clients and their particular circumstances. Picini used a diverse list of reasons to encourage investors to transfer money into his custody. To some, he indicated he would create a 3% interest bearing account called a "cash management account" or "cash management trust." These discussions are memorialized by the memo sections of the investors' checks, but no such accounts were ever established with any financial institution. To other clients, he asked investors to write checks directly to him rather than an annuity company, because, he claimed, annuity company (Aviva) policies required it pursuant to the Patriot Act. No such policy at Aviva exists. For those that wrote Picini the check directly, Aviva could provide the Division no evidence that the deposits were ever made. To even other clients, Picini suggested making an investment into municipal bonds. Picini never bought any municipal bonds for any investors, nor was Picini a registered broker-dealer or investment adviser at the time to make such a transaction legally permissible. Lastly, some clients were propositioned with a deal to become a "partner" in his "internet business." The clients received few details as to the security they were investing in and were given no offering documents, and the Division has found scant evidence to even confirm the existence of this "internet company."

The Division has discovered that, over the course of over two years, Picini has used these schemes to target at least 35 of his clients and take custody of at least \$2,000,000.00 in investor funds. Those funds were used for a wide variety of purposes, none of which are related to the investor's best interest, and included being used to pay Picini's credit cards, lodging and rent, business expenses, and shopping expenses at online retailers.

In one case Picini approached an investor who was a senior citizen and cared for her disabled husband. Picini, after acting as her adviser for a number of years, forged the investor's name to an annuity surrender form. Picini promptly called days later when, to the investor's surprise, a check from the annuity account appeared in the mail.

Picini told the investor that the withdrawal was required under IRS rules, and to come into his office to re-invest the money. Picini, saying he would re-invest the money, encouraged the investor to write a check, to the order of John Picini, equal to the amount that had been withdrawn from the annuity. Picini claimed that, under the Patriot Act, the annuity company policies required an agent, like Picini, to receive the funds directly. The Division has learned no such Aviva procedure exists. At another time, he told the same investor that the money was not being invested at an annuity company, but rather in a "cash management account" yielding 3% interest.

This investor, at Picini's urging, continued to write him checks totaling \$25,500.00. In fact, Picini never purchased the annuity on behalf of the investor nor kept it in a "cash management account." Picini later told Division staff "I know the appearance of this, what it looks like . . . I was trying to help her out." In reality, Picini used the funds for his personal expenses as he saw fit.

In another case, a legally blind ninety-year-old widow entrusted Picini with her life savings. Between 2000 and 2004, this investor had sold two properties valued at approximately \$400,000.00 after the death of her husband, and, coupled with her retirement savings, invested essentially all of her assets with Picini. Like Investor One, Picini instructed Investor Two, at least since 2010, to write checks directly to Picini.

In the last two years alone, this investor has written or endorsed over at least seven checks to John Picini totaling \$155,872.00. This investor told Division staff that because of her advanced years and difficulty seeing, she relied upon Picini and the Center for Senior Financial Planning to manage her money, and because of her trust in Picini did not question why the funds were paid directly to Picini instead of being made payable to a financial institution. After review of Picini's financial records, Division staff could find no account that Picini established to account for this \$155,872.00. Indeed, a review of Picini's bank account records – the only account that Picini used for business – show that the funds were almost immediately tapped by Picini for his personal expenses, including paying credit cards, buying items from online retailers, and transfers to brokerage and other financial accounts in Picini's own name.

Picini took steps to maintain this scheme over time. Picini would generate statements "documenting" the existence of accounts in the name of the investors. In fact, however, some of these accounts never existed, or at least not in the dollar amounts indicated on the statements. Because clients relied heavily on Picini's account statements, the fact that no additional deposits were made at the annuity company escaped notice. When clients called with questions or concerns as to statement accuracy or why statements were delayed, Picini would generally excuse any inconsistencies or delays by computer or software glitches.

Picini has used these client funds with abandon to pay his personal bills. For example, on October 12, 2011, Picini deposited two investor checks totaling \$130,140.00 into his own bank account. Picini's balance immediately prior to the deposit was \$499.67. By October 13, 2011, Picini had spent \$80,611.38, primarily to pay credit card

bills, lines of credit, and for online retail purchases. No account was ever established for the investors who wrote the checks for this \$130,140.00, and Picini's account would not have had sufficient funds to pay his expenses without dipping into these investor deposits. Picini had stated numerous times that this bank account was the only one used for business activity.

As of May 30, 2012, the Division believes Picini has defrauded his elderly investors out of at least \$2,000,000.00 over the last two years alone to maintain his lifestyle. Total amounts from years prior to 2010 could be significantly higher. In each of the circumstances referenced above, the Division could find no evidence that the funds deposited in Picini's own bank account were ever used for their stated purpose – the benefit of investors. Rather, it appears that the vast majority of these investor funds have been used by Picini as if the funds were Picini's personal assets. Although \$2,000,000.00 of investor funds had been deposited over the prior two year period, as of May 30, 2012, Picini's bank account contained a mere \$1,160.34.

III. JURISDICTION AND AUTHORITY

1. The Massachusetts Securities Division is a division of the Office of the Secretary of the Commonwealth with jurisdiction over matters relating to securities, as provided for by the Act. The Act authorizes the Division to regulate: 1) the offers, sales, and purchases of securities; 2) those persons engaged in the business of effecting transactions in securities for the account of others or for their own account; and 3) those persons transacting business as investment advisers within the Commonwealth.
2. The Division brings this action pursuant to the enforcement authority conferred upon it by § 407A of the Act and MASS. GEN. LAWS ch. 30A, wherein the Division has the

authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and all Regulations and rules promulgated thereunder.

3. This proceeding is brought in accordance with §§ 101, 102, 201, 204, 301, 404 and 407A of the Act and its Regulations. Specifically, the acts and practices constituting violations occurred within the Commonwealth of Massachusetts.
4. The Division specifically 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 2, 2006 to present (the "Relevant Time Period").

V. RESPONDENT

6. John Augustus Picini ("Picini"), age 42, resides at 400 Foxboro Boulevard, Foxboro, Massachusetts 02035.

VI. OTHER INTERESTED PARTIES

7. The Center for Senior Financial Planning ("TCFSFP") is a sole proprietorship and the d/b/a for John Picini's business activities. During the Relevant Time Period, TCFSFP's office has been located at 16 East Washington Street, Suite 203, North Attleboro, Massachusetts 02760. Picini has operated TCFSFP since at least 2005 through the present day. All clients of TCFSFP are also clients of Picini.¹

¹ All actions attributed to TCFSFP in Part VII were done or caused to be done by Picini.

VII. ALLEGATIONS OF FACT

Background

8. Picini became registered as an investment adviser and investment adviser representative in the Commonwealth of Massachusetts on January 2, 2006.
9. Picini terminated his registration as an investment adviser and investment adviser representative in Massachusetts on November 2, 2010.
10. Since at least January 2, 2006, Picini has owned and operated "The Center for Senior Financial Planning."
11. During the Relevant Time Period Picini acted as the firm's sole investment adviser representative and sole licensed insurance agent or producer.
12. Picini's firm's services are targeted at seniors and those over 50 years of age.
13. According to the firm's website, The Center for Senior Financial Planning "seeks and accepts [as clients] individuals whom are age 50 and over . . ."
14. TCFSFP, through Picini, currently offers financial planning, tax preparation services, and insurance products.
15. Since January 1, 2010, TCFSFP and Picini received approximately \$5000.00 a year from tax return preparation for TCFSFP clients.
16. In most cases, Picini charged a \$50.00 to \$150.00 fee per client for tax returns.
17. Picini also generated approximately \$5,000.00 a year (in 2010 and 2011) in revenue from investment advisory fees.
18. Picini has stated under oath that he maintained one bank account for all business activity (hereinafter, "Picini's bank account").

19. Picini has deposited at least \$2,000,000.00 into Picini's own bank account since January 1, 2010. Over 90% of these deposits came from the accounts of his clients.
20. Since January 2, 2006 the firm has had at least 150 clients, many of whom are Massachusetts residents.
21. TCFSFP clients are generally of retirement age, are senior citizens, and invest their retirement savings through Picini into a variety of financial products.
22. Picini advertised in the "professional designations" portion of his website that he is a member of the National Ethics Bureau.
23. The National Ethics Bureau is a Colorado-based for-profit organization that purports, on its website, to provide membership to individuals in order to "provide advisors with tools and services to communicate their professional ethics to clients." The National Ethics Bureau relies exclusively on publicly available information and does not verify an advisor's current activity is ethical. It continued to lend its imprimatur to Picini and his operation despite his unlawful activity – provided he continued to pay annual dues.
24. Picini advertised in the "professional designations" portion of his website that he is a member of the Society of Senior Market Professionals.
25. Picini testified that the Society of Senior Market Professionals requires no expertise, qualifications or training to join. Rather, only a fee is required in order to remain a member. Upon information and belief, the Society of Senior Market Professionals is not accredited by the National Commission for Certifying Agencies nor the American National Standards Institute (ANSI).

Investor One

26. Investor One is a senior citizen residing in Norton, Massachusetts.
27. Investor One has been a client of Picini since at least January 2, 2006.
28. Investor One also utilized The Center for Senior Financial Planning to manage the money of Investor One's disabled spouse.
29. Picini told Investor One on November 28, 2007 via e-mail that he was her "Registered Investment Advisor" and as such, "was not a salesman" and "worked for [her]."
30. Yet, Picini charged an advisory fee of at least \$3,000.00 to Investor One on assets for which he also received insurance commissions, including her annuities.
31. The money Investor One entrusted to TCFSFP and Picini to be managed constituted the bulk of her and her husband's life savings.
32. As of April 15, 2011 Investor One had multiple annuities with Aviva Life and Annuity Company, Sun Life Assurance Company of Canada, and North American Company, totaling approximately \$245,000.00 as of June 13, 2012.
33. On or about April 15, 2011, Picini signed Investor One's name to a withdrawal form, without permission, in order to withdraw funds from Investor One's annuity. He also elected to incur additional charges to have the check overnighted.
34. Picini contacted Investor One several days after April 15, 2011 to inform her that she would be receiving a check from the annuity company. The investor had already received the check from the annuity company. Picini represented that this withdrawal was required in order to satisfy required minimum distribution requirements for 2011.

35. Investor One received a check from the annuity company for \$10,000.00 in April, 2011. The amount of the check exceeded her required minimum distribution for 2011.
36. Picini instructed Investor One to deposit the funds into Investor One's account, and then to visit Picini's office to re-invest the money.
37. Investor One deposited the funds into her own account as instructed by Picini.
38. Upon Investor One's subsequent visit to Picini's office, Picini instructed Investor One to write him a personal check for \$10,000.00. Picini represented he would then re-invest the money for the benefit of Investor One.
39. The memo line of the check indicated that the funds were to be used for a "cash management account." Picini represented that the cash management account would yield an interest rate of at least 3.12%.
40. When Investor One asked why checks were being written directly to Picini, Picini stated that Aviva Life and Annuity Company required the check to be written to Picini and that this was a new requirement as a result of the Patriot Act.
41. Representatives of Aviva could not identify any such policy or procedure to Division staff.
42. Investor One wrote Picini a check on April 15, 2011 for \$10,000.00. Picini deposited the check into his personal bank account the same day.
43. On May 20, 2011, November 30, 2011, and December 16, 2011, Investor One wrote additional checks to John Picini in the amounts of \$4,000.00, \$7,300.00, and \$4,200.00, respectively. Picini deposited each of these checks into his personal bank account.

44. Memo lines from these checks indicated the funds were to be used either for a "Cash Management Account" or for re-investment with Aviva.
45. As of December 16, 2011, Investor One had written checks to the order of John Picini totaling \$25,500.00. As of May 2012, Investor One had not received any statements indicating the whereabouts of her money or the balance of the "Cash Management" account.
46. Picini later claimed that she had not received her statements because of a computer problem. When a statement was received by Investor One in June 2012 ("Investor One's Statement"), the statement indicated that the money was held at "CFSFP".
47. Picini has stated that "CFSFP" stood for "The Center for Senior Financial Planning."
48. The statement indicated a balance, as of June 13, 2012, of \$25,855.00. This represented a simple interest rate of approximately 1.6%; approximately half of the 3.12% interest rate Investor One was promised by Picini.
49. As of May 30, 2012, Picini's bank account had insufficient funds to pay back Investor One's \$25,855.00. As of May 30, 2012, Picini's bank account balance was \$1,160.34.

Although Picini Testified He was "only trying to help her out," Picini Used Investor One's Funds for His Own Benefit.

50. Picini testified under oath pursuant to a Division subpoena on June 18, 2012.
51. When questioned about the transactions referenced in paragraphs 26 through 49 above, Picini stated under oath that, despite "what it looks like," that Picini was "just trying to help her out" by holding the money in his personal account.

52. Picini testified that he felt that he and Investor One were "friends," and that by accumulating the money in his personal account, the funds would be available to open a new annuity once the total dollar value exceeded \$25,000.00.
53. Yet, despite the fact that Investor One wrote checks totaling \$25,500.00, and the fact these funds have been in Picini's custody since December 2011, no annuity has been set up.
54. This \$25,500.00 has not been used in any way to benefit Investor One, but rather has been used for the exclusive personal benefit of Picini. Picini has used Investor One's money to pay for hotel rentals, online shopping at Amazon.com and other online retailers, and other personal expenses and debts.
55. Between April 15, 2011 and December 16, 2011, Picini had not transferred any of Investor One's \$25,500.00 into any other account and had not established any account for the benefit of Investor One in the amount of \$25,500.00. Picini's bank account balance has dropped well below \$25,500.00 on many occasions since December 16, 2011.
56. Despite claiming under oath that adequate money is available to repay Investor One, Picini's most recent account balance on May 30, 2012 was \$1,160.34.
57. Upon information and belief, as of May 30, 2012, Picini spent a large portion – if not all – of Investor One's \$25,500.00 on himself.

Although Picini Testified Investor One's Deposits Into His Own Account was an Isolated Incident, the Division Has Determined at Least 35 Investors Have Transferred Money to Picini for a Variety of Reasons.

58. Picini represented to Division Staff in sworn testimony that there was only one other instance in which he took possession of client funds. He could not recall the name of the individual client.
59. Picini later stated in response to an interrogatory, filed with the Division, through his attorney, that "Mr. Picini has held annuity client funds in his own account since 2001, only with respect to [Investor One]."
60. Picini had not disclosed in any Form ADV filings made with the Division that he maintained custody of any client assets. Picini disclosed in his December 1, 2005 Form ADV filing that the firm had no advisory clients and no assets under management. Although advisers are required to update Form ADV annually, Picini did not update the December 1, 2005 filing at any time to disclose any client accounts or assets under management.
61. Since January 1, 2010, Picini has deposited the funds belonging to at least 35 clients into his personal bank account for a variety of claimed purposes.

Investor Two

62. Investor Two is a 90 year-old legally blind widow who relied heavily on Picini to take care of her financial affairs.
63. Between 2000 and 2004, Investor Two sold two properties valued at approximately \$400,000.00 after the death of her husband. Investor Two went to The Center for Senior Financial Planning in order to invest this money, as well as additional funds that she and her late husband had saved.

64. Like Investor One, Picini instructed Investor Two, at least since 2010, to write checks directly to Picini. Investor Two did so based upon her trust of Picini.
65. Since January 1, 2010 to present, Investor Two has written or endorsed over at least seven checks to John Picini totaling \$155,872.00.
66. Because Investor Two was legally blind and of advanced years, she relied upon Picini and The Center for Senior Financial Planning to manage her money.
67. Investor Two stated to Division staff members that she "trusted" Picini to help her and was "relieved" to have someone she believed was a "senior financial adviser" handling her affairs.
68. Because she trusted Picini, Investor Two simply assumed that the \$155,872.00 was used to establish new annuities. Investor Two does not recall filling out any paperwork for these annuities.
69. Like Investor One, Investor Two's checks described in paragraph 65 above were deposited into Picini's personal bank account.
70. Like Investor One, Investor Two's checks described at various times on the memo line that the money was to be used for a "Cash Management Trust" or for rollovers to new investments.
71. With exception of one \$125.00 transfer to Investor Two's account, Picini has not returned any of Investor Two's funds nor established any account for her since January 1, 2010.
72. Like Investor One, Investor Two's funds were commingled with Picini's personal funds.

73. Like Investor One, Picini used Investor Two's money for his personal and business expenses, and in ways that were of no benefit to Investor Two.

Picini Created Client Statements to Hide His Personal Use of Investor Funds

74. Picini periodically sent documents to Investor Two describing her assets and the balances of her accounts.

75. In 2010, Investor Two received such a document, prepared by Picini, from The Center for Senior Financial Planning.

76. Investor Two's 2010 Statement indicated Investor Two had approximately \$661,000.00 in assets invested into annuities with Picini's assistance.

77. In Investor Two's most recent statement Investor Two's total balance had somehow declined to read \$55,000.00 – a loss of over \$600,000.00 in less than two years.

78. Picini offered no immediate explanation on how Investor Two had lost over \$600,000.00 in such a short time. Nor did Picini explain how the current balance was only \$55,000.00 when she had deposited \$155,872.00 within the last two years.

79. Like Investor One, Picini later told Investor Two that the low balance was an error and the result of a software or computer glitch.

Investor Three

80. Despite Picini's claims to the contrary, Investor One's and Two's experiences were not isolated events. Picini suggested all sorts of reasons for individuals to write him personal checks.

81. Investor Three was solicited to invest into an "alternative investment": Picini's "internet business." Investor Three was told that the business was a "work in

progress," but was given no details as to its purpose, no disclosure documents or financials, or any offering documents.

82. Investor Three has written checks totaling over \$400,000.00 to Picini for investments.

83. On December 19, 2011, Investor Three wrote Picini a check for \$114,560.00. The check was deposited into Picini's bank account the same day.

84. Immediately prior to this \$114,560.00 deposit, Picini's account balance was approximately \$10,829.12.

85. On December 22, 2011, Picini deposited \$65,000.00 of Investor Three's funds into a mutual fund account that Picini described under oath to Division staff to contain only his "personal savings." Picini's bank account would not have had sufficient funds to cover this transaction without the use of Investor Three's money.

86. Neither Picini nor anyone on his behalf has registered any security issue or offering for any "internet business" with the Commonwealth or any other jurisdiction, despite accepting passive investors. Neither Picini nor anyone on his behalf has filed a Form D or other documents for any "internet business" issue.

87. No segregated account has ever been established for the benefit of Investor Three or any "internet business." Upon information and belief, much of the \$400,000.00 investment made by Investor Three has been used to pay personal expenses and debts of Picini.

Investor Four

88. Investor Four, a Massachusetts resident, was told to write Picini checks in order to make investments into municipal bonds.

89. Investor Four wrote a check to Picini dated August 17, 2011 for \$9,000.00. The check was deposited into Picini's checking account the same day.
90. The memo line of the August 17, 2011 check indicated "CMT" followed by the last four digits of Investor Four's social security number. Investor Four indicated that Picini instructed "CMT" to be written on the memo line of the check.
91. Upon information and belief, "CMT" is an acronym for "Cash Management Account" or "Cash Management Trust."
92. Upon deposit of Investor Four's \$9,000.00 check, Picini purchased multiple items at different online retail stores for several thousand dollars the same day. Picini's bank account would not have had sufficient funds to cover these transactions without Investor Four's deposit.
93. None of the funds were deposited in any segregated "Cash Management Account" or "Cash Management Trust" for the benefit of Investor Four.
94. Investor Four had written a second check to Picini dated February 15, 2011 for \$10,000.00. Picini deposited the check into his bank account the same day.
95. By February 18, 2011, Picini's bank account balance was \$5,076.14.
96. Between February 15, 2011 and February 18, 2011, no account transfers out of Picini's bank account were made for the benefit of Investor Four.
97. Between February 15, 2011 and February 18, 2011, Picini had made thousands of dollars in purchases at vendors including Amazon.com and made a \$6,715.81 payment to his personal American Express credit card. Between February 15, 2011 and February 18, 2011, Picini maintained insufficient funds in his checking account to fund these transactions without the use of Investor Four's assets.

98. Investor Four explained to Division Staff that she believed this \$10,000.00 check was to be used to purchase municipal bonds.

99. Neither Picini nor The Center for Senior Financial Planning is registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, or issuer agent with the Commonwealth of Massachusetts.

100. Upon information and belief, Picini has not purchased any municipal bonds for Investor Four.

Investor Five

101. Investor Five, the trustee for a trust, was encouraged on or about October 12, 2011, to write Picini a check for \$21,900.00 for safekeeping. Picini guaranteed Investor Five an interest rate of 3%.

102. Picini deposited Investor Five's check into his personal bank account the same day.

103. Upon information and belief, no segregated account has ever been established in the name of or for the benefit of Investor Five or the trust, nor has Investor Five or the trust received back its \$21,900.00.

104. As of May 30, 2012, Picini's bank account contained insufficient funds to pay back Investor Five his principal plus interest.

Picini Used Client Funds with Abandon to Pay Personal Debts and Buy Personal Items.

105. On October 12, 2011, Picini made a deposit of \$152,040.00 into his bank account, comprised of two separate checks: one from Investor Three (\$130,140.00) and one from Investor Five (\$21,900.00).

106. On October 11, 2011, prior to the \$152,040.00 deposit, Picini's account balance was \$499.67. No other deposits were made in the interim.
107. Between October 12, 2011 and October 13, 2011, Picini spent \$80,661.38 primarily on payments to other Picini bank accounts and to multiple credit cards, including American Express, Nordstrom, Paypal, and Chase.
108. By close of business on October 14, 2011, Picini's account balance was \$36,097.34, well below the total amount of investor assets Picini deposited into his bank account on October 11, 2011. By November 25, 2011, Picini's account balance had fallen to \$14,097.15.
109. No accounts were established for Investors Three or Five from October 11, 2011 through November 25, 2011.

Based Upon the Division's Investigation, at Least 35 Investors Have Deposited Over \$2 Million into Picini's Bank Account via Check in the Last Two Years Alone. No Financial Accounts in the Name of These Investors Have Been Located to Account for these Deposits.

110. Picini has consistently told Division staff that the only client that had ever given Picini money directly was Investor One. Picini has also consistently told Division staff that he maintained only one bank account for business purposes.
111. Despite these representations, the Division has determined that since January 1, 2010 at least 35 clients have written Picini personal checks or endorsed over checks to Picini that were subsequently deposited into Picini's bank account.
112. On information and belief, these assets were the personal assets of each client and were to be invested for the benefit of the client.

113. Since January 1, 2010, these same 35 clients in aggregate funded Picini's personal bank account in an amount exceeding \$2,000,000.00 through over 150 separate transactions.
114. This \$2,000,000.00 represented, as a dollar value, over 96% of all deposits into Picini's account from January 1, 2010 to present. On information and belief, those funds were to be used for the benefit of the clients.
115. Other than those revenues identified in paragraphs 15 through 17 above, there were no other meaningful sources of revenue for The Center of Senior Financial Planning deposited into Picini's bank account aside from \$2,000,000.00 in investor money.
116. By May 30, 2012, Picini's bank account, which had accepted over \$2,000,000.00 of client funds, stood at a balance of \$1,160.34.
117. Picini paid back only a small fraction of the \$2,000,000.00 of investors' funds he took custody of. The majority of the funds deposited were used to pay Picini's personal debts or bills, or with which Picini purchased items for himself.

VIII. VIOLATIONS OF SECURITIES LAWS

COUNT I: VIOLATIONS OF § 101

118. Section 101 of the Act provides in pertinent part:

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.

119. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 117 above.

120. Respondent's conduct, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 101.

COUNT II: VIOLATIONS OF § 102

121. Section 102 of the Act provides in pertinent part:

It is unlawful for any person who receives, directly or indirectly, any consideration from another person primarily for advising the other person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise

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

(2) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the other person.

122. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 117 above.

123. The conduct of the Respondent, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 102.

COUNT III: VIOLATIONS OF § 201(a)

124. Section 201(a) of the Act provides in pertinent part:

It is unlawful for any person to transact business in this Commonwealth as a broker-dealer or agent unless he is registered under the chapter.

125. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 117 above.

126. Respondent's conduct, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201(a).

COUNT IV: VIOLATIONS OF § 201(c)

127. Section 201(c) of the Act provides in pertinent part:

It is unlawful for any person to transact business in this Commonwealth as an investment adviser or as an investment adviser representative unless he is so registered under this chapter.

128. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 117 above.

129. Respondent's conduct, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201(c).

COUNT V: VIOLATIONS OF § 301

130. Section 301 of the Act provides in pertinent part:

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.

131. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 117 above.

132. Respondent's conduct, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 301.

COUNT VI: VIOLATIONS OF § 404

133. Section 404 of the Act provides in pertinent part:

It is unlawful for any person to make or cause to be made, in any document filed with the secretary or in any proceeding under this chapter, any statement which is, at the time and in the light of the

circumstances under which it is made, false or misleading in any material respect.

134. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 117 above.
135. Respondent's conduct, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 404.

COUNT VII: VIOLATIONS OF § 204 (Willful Violation)

136. Section 204 of the Act provides in pertinent part:

The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or taken any other appropriate action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant, or in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser: --

(B) has willfully violated or willfully failed to comply with any provision of this chapter or a predecessor chapter or any rule or order under this chapter or a predecessor chapter.

137. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 117 above.
138. Respondent's conduct, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 204.

COUNT VIII: VIOLATIONS OF § 204 (Dishonest or Unethical Conduct)

139. Section 204 of the Act provides in pertinent part:

The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or taken any other appropriate action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant, or in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing

similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser: --

(G) has engaged in any unethical or dishonest conduct or practices in the securities, commodities, or insurance business.

140. Without limiting the generality of the foregoing, the conduct of the Respondent, as described above, constitutes a violation of 950 CMR 12.205(9)(c)(15), which states in relevant part:

The following practices are a non-exclusive list of practices by an adviser which shall be deemed "dishonest or unethical conduct or practices in the securities business" for purposes of M.G.L. c. 110A, §204(a)(2)(G):

(15) Using a purported credential or professional designation that indicates or implies that an investment adviser representative has special certification or training in advising or servicing senior citizens, unless such credential or professional designation has been accredited by an accreditation organization recognized by the Secretary by rule or order. . . .

141. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 117 above.

142. Respondent's conduct, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 204.

IX. STATUTORY BASIS FOR DIVISION ACTION

Section 407A of the Act relates to Violations, Cease and Desist Orders, and Costs and provides in pertinent part that:

(a) If the secretary determines, after notice and opportunity for a 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 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].

X. PUBLIC INTEREST

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors to enter an order: 1) requiring Respondent to permanently cease and desist from further conduct in violation of the Act and Regulations in the Commonwealth; 2) requiring Respondent to provide an accounting of all proceeds which were received as a result of the alleged wrongdoing, and to offer rescission to and fairly compensate investors for those losses attributable to the alleged wrongdoing; 3) requiring Respondent to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing; 4) imposing a permanent bar from registration for Respondent as an Investment Adviser, Investment Adviser Representative, Broker-Dealer, Broker-Dealer Agent, Issuer Agent, or a partner, officer, director or control person of an Investment Adviser or Broker-Dealer; 5) imposing an administrative fine on Respondent in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and 6) taking any such further actions which may be in the public interest and necessary and appropriate for the protection of Massachusetts investors.

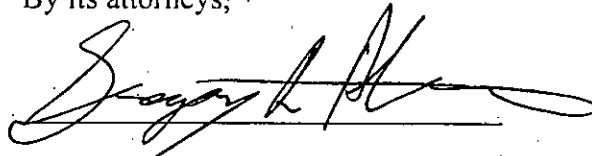
XI. RELIEF REQUESTED

Wherefore, the Enforcement Section of the Division requests that the Director or Hearing Officer take the following actions:

- A. Find as fact all allegations set forth in paragraphs 1 through 114, inclusive, of the Administrative Complaint;
- B. Find that all sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors;

C. Enter an Order 1) requiring Respondent to permanently cease and desist from further conduct in violation of the Act and Regulations in the Commonwealth; 2) requiring Respondent to provide an accounting of all proceeds which were received as a result of the alleged wrongdoing, and to offer rescission to and fairly compensate investors for those losses attributable to the alleged wrongdoing; 3) requiring Respondent to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing; 4) imposing a permanent bar from registration for Respondent as an Investment Adviser, Investment Adviser Representative, Broker-Dealer, Broker-Dealer Agent, Issuer Agent, or a partner, officer, director or control person of an Investment Adviser or Broker-Dealer; 5) imposing an administrative fine on Respondent in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and 6) taking any such further actions which may be in the public interest and necessary and appropriate for the protection of Massachusetts investors.

**ENFORCEMENT SECTION
MASSACHUSETTS SECURITIES DIVISION**
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Dated: July 31, 2012