

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

IN THE MATTER OF:)
)
)
HYNES FINANCIAL SERVICES, LLC,)
and CHRISTOPHER ANTHONY HYNES,) Docket No. E-2022-0056
)
RESPONDENTS.)
_____)

CONSENT ORDER

I. PRELIMINARY STATEMENT

This Consent Order (the “Order”) is entered into by the Massachusetts Securities Division (the “Division”) and Hynes Financial Services, LLC and Christopher Anthony Hynes (together, “Respondents”) with respect to the above-captioned investigation by the Enforcement Section of the Securities Division of the Office of the Secretary of the Commonwealth of Massachusetts (the “Enforcement Section”) into whether Respondents engaged in acts or practices that violated the Massachusetts Uniform Securities Act, Mass. Gen. Laws c. 110A (the “Act”), and the regulations promulgated thereunder at 950 Code Mass. Regs. 10.01-14.413 (the “Regulations”).

On November 2, 2022, Respondents submitted an Offer of Settlement (the “Offer”) to the Division. Respondents admit the facts set forth in Sections III through VI below, neither admit nor deny the violations of law set forth in Section VII below, and consent to the entry of this Order by the Division, consistent with the language and terms of the Offer, settling the above-captioned investigation with prejudice.

II. JURISDICTION

1. The Division has jurisdiction over matters relating to securities pursuant to the Act, codified at Massachusetts General Laws Chapter 110A.
2. The Offer was made and this Order is entered in accordance with the Act and with Section 10.10 of the Regulations.
3. The acts and practices that were the subject of the Enforcement Section's above-captioned investigation occurred in Massachusetts within the meaning of Section 414 of the Act.

III. RELEVANT TIME PERIOD

4. Except as otherwise expressly stated, the acts and practices described herein occurred during the period of October 30, 2015 to March 9, 2016 (the "Relevant Time Period").

IV. RESPONDENTS

5. Hynes Financial Services, LLC ("Hynes Financial") is a Massachusetts limited liability company organized on May 8, 2012. It was involuntarily dissolved on June 30, 2018 but later revived on July 31, 2019. It has a last known principal place of business located at 71 Elm Street, Worcester, Massachusetts 01612.
6. Christopher Anthony Hynes ("Hynes") is an individual with a last known primary residence in Florida. He is the founder, sole member, and sole manager of Hynes Financial. He is a former Massachusetts-registered broker-dealer agent and investment adviser representative; his Financial Industry Regulatory Authority ("FINRA") Central Registration Depository ("CRD") number is 4171339. He is currently an active member of the Massachusetts bar; his Board of Bar Overseers number is 567273.

V. OTHER RELEVANT PERSONS

7. Future Income Payments, LLC (f/k/a “Pensions, Annuities, and Settlements, LLC”) (“FIP”) is a Delaware limited liability company organized on April 13, 2011. It has a last known principal place of business located at 18300 Von Karman Avenue, Suite 410, Irvine, California 92612.

8. American Alternative Investments LLC (“AAI”) is an Indiana limited liability company organized on September 25, 2013. It has a last known principal place of business located at 5325 East 82nd Street, #301, Indianapolis, Indiana 46250.

VI. STATEMENT OF FACTS

A. Respondents Were Not Registered with the Division during the Relevant Time Period.

9. Hynes is an attorney and financial planner who lived and worked in Massachusetts during the Relevant Time Period.

10. Hynes was admitted to the Massachusetts bar on December 20, 1994.

11. Hynes first became registered in Massachusetts as a broker-dealer agent on June 28, 2000.

12. Hynes first became registered in Massachusetts as an investment adviser representative on July 1, 2004.

13. On May 8, 2012, Hynes founded Hynes Financial.

14. Hynes Financial is a financial planning and consulting business.

15. On May 16, 2012, Hynes became registered in Massachusetts as an investment adviser representative of LPL Financial LLC (“LPL”).

16. On September 1, 2014, Hynes voluntarily ended his employment with LPL, and his Massachusetts registration as an investment adviser representative thereof terminated on September 17, 2014.

17. Upon the termination of his registration with LPL, Hynes was no longer registered as a broker-dealer agent or as an investment adviser representative of any firm in any jurisdiction.

18. During the Relevant Time Period, Hynes was an independent contractor of The Patriot Financial Group Insurance Agency, LLC (d/b/a "The Patriot Financial Group, LLC") ("Patriot Financial").

19. Patriot Financial is an investment adviser with a principal place of business located in Westborough, Massachusetts; its CRD number is 172470.

20. Hynes did not become registered in Massachusetts as an investment adviser representative of Patriot Financial until November 8, 2016.

21. Hynes was not registered as a broker-dealer agent or as an investment adviser representative of any firm in any jurisdiction during the Relevant Time Period.

22. Hynes Financial has never been registered as a broker-dealer or as an investment adviser in any jurisdiction.

B. Respondents Received Compensation for Providing Investment Advisory Services to Massachusetts Clients during the Relevant Time Period.

23. Client One and Client Two are a married couple who resided in Massachusetts during the Relevant Time Period.

24. In or about October 2015, an insurance adviser referred Client One and Client Two to Hynes for retirement planning services.

25. On October 30, 2015, Client One signed a Financial Planning Disclosure and Agreement (the “FPDA”) setting forth the terms by which Respondents would create a retirement income plan for Client One and Client Two.

26. Respondents did not provide any legal services to Client One or Client Two during the Relevant Time Period, and the FPDA explicitly stated that such services would not be within its scope.

27. Per the terms of the FPDA, Hynes reviewed financial records showing all of Client One and Client Two’s holdings and income sources, spoke to them about their goals for retirement, and developed a detailed retirement income plan designed to help them achieve those goals.

28. On or about November 29, 2015, and as part of the retirement income plan, Hynes recommended that Client One and Client Two invest \$82,571 toward the purchase of five (5) purported fixed income products from FIP, which FIP referred to as “structured cash flows.”

29. Hynes was physically located within the territory of Massachusetts when he communicated the investment recommendation to Client One and Client Two.

30. FIP claimed that its structured cash flows were rights to pension and annuity payments that federal pensioners had assigned to FIP as consideration for lump sum purchases.

31. FIP, through brokers, sold structured cash flows through “Purchase Agreements” that it entered into with investors. Although Hynes was not the broker of record on the transaction between FIP and Client One and Client Two, Hynes introduced Client One and Client Two to the broker who facilitated the purchase of structured cash flows.

32. Subsequent to the time that Hynes recommended that Client One and Client Two invest \$82,571 toward the purchase of five (5) purported fixed income products from FIP, the Consumer Finance Protection Bureau (the “CFPB”), and several state attorneys general determined that the fixed income products were not, in fact, purchases but instead were usurious loans from FIP to the respective borrowers. On April 1, 2018, monthly payments on the fixed income products that had been paid to Client One and Client Two since their purchase of structured cash flows ceased. As a result, Client One and Client Two only received approximately half of their original investment. Subsequently, it was discovered that FIP had orchestrated a Ponzi scheme involving various affiliated entities.

33. On March 12, 2019, a federal grand jury of the United States District Court for the District of South Carolina returned an indictment against, inter alia, FIP and its President, Scott A. Kohn (“Kohn”), for wire fraud, mail fraud, and conspiracy in connection with the structured cash flows scheme.

34. On May 31, 2019, the Securities Division of the Vermont Department of Financial Regulation entered a final cease-and-desist order against FIP and Kohn for violations of the Vermont Uniform Securities Act (2002), which included a finding that the Purchase Agreements were unregistered securities in the form of structured notes.

35. On February 21, 2021, the United States District Court for the District of South Carolina entered a default judgment against, inter alia, FIP and Kohn in a civil suit brought by the “CFPB alleging violations of the Consumer Financial Protection Act of 2010, the Truth in Lending Act, and CFPB Regulation Z in connection with the structured cash flows scheme.

36. When investors signed Purchase Agreements with FIP, they were not actually purchasing the rights to specific federal pensioners' retirement benefits; rather, FIP used the investors' funds to provide lump sum loans to federal pensioners at usurious interest rates.

37. FIP has never been a licensed insurance company, so the structured cash flows were not annuities.

38. AAI served as agent of record for the sales of many of the Purchase Agreements, including those which Client One and Client Two bought upon Hynes's recommendation.

39. On March 9, 2016, AAI furnished \$2,889.99 to Hynes as a referral fee in relation to his recommendation to Client One and Client Two that they invest in the Purchase Agreements.

VII. VIOLATIONS OF LAW

Count I - Mass. Gen. Laws c. 110A, § 201(c)

40. Section 201 of the Act provides:

It is unlawful for any person to transact business in this [C]ommonwealth as an investment adviser or as an investment adviser representative unless he is so registered under this [Act].

Mass. Gen. Laws c. 110A, § 201(c).

41. The Division alleges that Respondents' acts and practices, as described above, constitute violations of Section 201(c) of the Act.

Count II - Mass. Gen. Laws c. 110A, § 201(d)(i)

42. Section 201 of the Act provides:

It is unlawful for:

(i) any investment adviser required to be registered to employ an investment adviser representative unless the investment adviser representative is registered under this [Act], but the registration of an

investment adviser representative shall not be effective during any period when he is not employed by an investment adviser registered under this [Act]

Id. § 201(d)(i).

43. The Division alleges that Hynes Financial's acts and practices, as described above, constitute a violation of Section 201(d)(i) of the Act.

VIII. ORDER

IT IS HEREBY ORDERED:

- A. Respondents shall permanently cease and desist from further violations of the Act.
- B. Respondents are hereby censured by the Division.
- C. Hynes shall not seek registration in the Commonwealth as, and not associate with or act in the Commonwealth as, an investment adviser, investment adviser representative, broker-dealer, broker-dealer agent, Securities and Exchange Commission registered investment adviser, issuer, other than any engaged with prior to the entry of this Order, issuer agent, or a partner, officer, director, or control person of any of the above for a period of five (5) years from the date of this Order.
- D. Hynes shall, within fifteen (15) days of the entry of this Order, disgorge the \$2,889.99 that he received from AAI in connection with the purchases made by Client One and Client Two. Hynes shall pay such disgorgement directly to the Division. Payment shall be:
 - i. Made by United States Postal Service postal money order, certified check, bank cashier's check, bank money order, or wire transfer;
 - ii. Made payable to the Commonwealth of Massachusetts;

iii. Mailed to One Ashburton Place, Room 1701, Boston, Massachusetts 02108, or wired per the Division's instructions; and

iv. Submitted under cover letter or other documentation that identifies the party making the payment and that bears the docket number of this matter (Docket No. E-2022-0056).

E. Hynes shall, within thirty (30) days of the entry of this Order, pay restitution to Client One and Client Two in the amount of \$41,999.00. Hynes shall also, within the aforementioned thirty (30) day deadline, provide proof of payment to the Enforcement Section. Such proof of payment shall be in a form not unacceptable to the Enforcement Section.

F. Respondents shall, within five (5) days of the entry of this Order, pay an administrative fine in the amount of \$25,000 (USD), for which they shall be jointly and severally liable. Payment shall be:

i. Made by United States Postal Service postal money order, certified check, bank cashier's check, bank money order, or wire transfer;

ii. Made payable to the Commonwealth of Massachusetts;

iii. Mailed to One Ashburton Place, Room 1701, Boston, Massachusetts 02108, or wired per the Division's instructions; and

iv. Submitted under cover letter or other documentation that identifies the party making the payment and that bears the docket number of this matter (Docket No. E-2022-0056).

Additionally, Respondents shall provide the Enforcement Section with notice twenty-four (24) hours prior to making payment.

G. Respondents shall not claim, assert, or apply for a tax deduction or tax credit with regard to any local, state, or federal tax for any amount that either of them shall pay in accordance with this Order.

H. Respondents shall not seek or accept, directly or indirectly, reimbursement or indemnification from any payments made pursuant to any insurance policy, with regard to any amount that either of them shall pay in accordance with this Order.

I. If Respondents are the subject of a voluntary or involuntary bankruptcy petition under Title 11 of the United States Code within three hundred sixty-five (365) days after the entry of this Order by the Division, Respondents shall provide written notice to the Enforcement Section within five (5) days after the date of the petition.

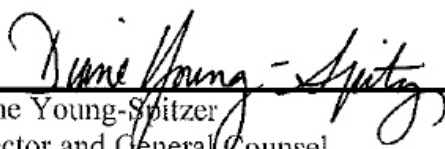
J. Any fine, penalty, and/or money that Respondents pay in accordance with this Order is intended by that Respondent and the Division to be a contemporaneous exchange for new value given to that Respondent pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in fact, a substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B).

K. Upon the entry of this Order, if either or both Respondents fail to comply with any of said terms, the Enforcement Section may institute an action to have the settlement agreement and Order declared null and void.

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L. The Enforcement Section, for good cause shown, may extend any of the procedural deadlines set forth above.

**WILLIAM FRANCIS GALVIN
SECRETARY OF THE COMMONWEALTH**

By: 
Diane Young-Spitzer
Director and General Counsel
Massachusetts Securities Division
One Ashburton Place, Room 1701
Boston, MA 02108

Dated: November 7, 2022