

**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:	)	
	)	
JEFFREY B. PIERCE,	)	Docket No. E-2014-0015e
	)	
RESPONDENT.	)	

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2015 JUN 30 AM  
SECURITIES DIVISION  
OFFICE OF THE SECRETARY OF THE COMMONWEALTH

**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") files this complaint (the "Complaint") in order to commence an adjudicatory proceeding against the above-named Respondent, Jeffrey B. Pierce ("Respondent"), for violations of MASS. GEN. Laws ch. 110A, the Massachusetts Uniform Securities Act (the "Act"), and 950 MASS. CODE REGS. 10.00-14.413 (the "Regulations"). The Complaint alleges that Respondent willfully engaged in fraudulent and dishonest and unethical activities in the Commonwealth of Massachusetts (the "Commonwealth") in violation 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 Respondent to permanently cease and desist from further conduct in violation of the Act and Regulations in the Commonwealth; 4) censuring Respondent; 5) requiring

Respondent to provide an accounting for those losses attributable to the alleged wrongdoing; 6) requiring Respondent to compensate investors for those losses attributable to the alleged wrongdoing; 7) requiring Respondent to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing; 8) permanently barring Respondent from associating or registering in the Commonwealth as a broker-dealer, broker-dealer agent, or as a partner, officer, director, or control person of a broker-dealer; 9) permanently barring Respondent from associating or registering in the Commonwealth with any investment adviser, any entity exempted from registration as an investment adviser in the Commonwealth, and any issuer of any securities in the Commonwealth; 10) imposing an administrative fine on Respondent in an amount and upon such terms and conditions as the Director or Presiding Officer may determine; and 11) taking any such further action which may be in the public interest and necessary and appropriate for the protection of Massachusetts investors.

## **II. SUMMARY**

The Enforcement Section of the Massachusetts Securities Division brings this action as a result of fraudulent, dishonest, and unethical activities of Respondent Jeffrey B. Pierce, a resident of Waltham, Massachusetts. Specifically, Pierce, while registered as a broker-dealer agent in the Commonwealth, directed \$467,796.61 from a client account, with at least \$347,775.33 going to personal accounts.

Pierce first met Client One, a Massachusetts resident, in 2005, when Client One was in his early sixties, retired, and looking to invest further in his retirement. Pierce met Client One at Client One's local Sovereign Bank branch, in Dorchester, Massachusetts. Between October 2, 2000 and May 14, 2008, Pierce operated out of Sovereign Bank

branches, providing investment services to Sovereign Bank customers. Pierce described his relationship with Client One as more personal than business. Pierce testified that they were, “very good friends” and that Client One even took him out to dinner and introduced him to his family. Pierce also testified to the Enforcement Section that he served as a confidant for Client One. Despite the alleged friendship described by Pierce, Pierce exploited the trust of Client One and directed a significant portion of Client One’s retirement savings to his own personal accounts.

In 2009, Pierce convinced Client One to liquidate his brokerage account and to move his money into additional annuity contracts. Later, beginning in October of 2011, Pierce began making unauthorized withdrawals from Client One’s annuity contracts. Pierce made at least sixteen withdrawals from two annuity contracts over approximately a two-year period. Pierce requested checks addressed directly to his own personal accounts at credit card and mortgage companies. Pierce used Client One’s money to pay personal debts and to take significant cash advances.

In one example, noted by Discover Financial Services, Pierce made a payment of over \$23,000.00 to his personal Discover credit card using funds from Client One’s annuity. Pierce then sought a refund from Discover of \$11,000.00, transferred directly to his personal bank account. After Discover denied his request, Pierce instead took cash advances of over \$9,500.00 over a nineteen day period. Pierce deliberately concealed his activity from Client One by changing Client One’s home address to Pierce’s business address for all annuity accounts. By changing Client One’s home address, confirmations for all account activity were sent directly to Pierce instead of Client One.

When questioned under oath by the Enforcement Section about a specific transaction, Pierce initially stated that he did not recall. Pierce then asserted that Client One had signed the withdrawal form, but Pierce did not know how Client One would have obtained his credit card number to direct the withdrawal. Pierce then asserted his rights under the Fifth Amendment to the United States Constitution in response to all remaining questions during his testimony.

In his time as a registered broker-dealer in the Commonwealth, Pierce has encountered a number of disciplinary issues. In 2008, Pierce was permitted to resign from IFMG Securities for failing to follow firm policy with respect to the processing of annuity contracts. In that instance, Pierce allegedly circumvented IFMG procedures in order to conceal certain unsuitable annuity switches. Pierce's actions led to a complaint from the Financial Industry Regulatory Authority ("FINRA"), which in 2013 suspended Pierce for six months and fined him \$25,000.00. In 2009, while registered as a broker-dealer agent of SagePoint Financial, an unannounced branch examination found at least six deficiencies and five other notable informational items. Included in the concerning findings was that Pierce requested a wire transfer of client funds to Pierce's business account for his DBA, AvaRose Financial. Pierce allegedly denied the existence of the DBA account multiple times before admitting to it later in the exam. The examination also noted that Pierce had discussed the "Ava Rose Financial Money Fund" with multiple clients as an investment vehicle, despite its non-existence. Following the examination, SagePoint Financial terminated Pierce. Even though Pierce was terminated by SagePoint, he was nevertheless hired by another broker-dealer less than one month later,

in July 2009. Further, Pierce continues today to operate in the financial services industry, selling insurance products out of AvaRose Financial.

Pierce used his position as a registered broker-dealer agent in the Commonwealth to abuse the trust of a senior citizen, resulting in substantial losses. Although Pierce is currently still registered in the insurance industry, he is not registered with the Division. However, Pierce testified to the Enforcement Section that he does plan to seek registration again as a broker-dealer agent.

### **III. JURISDICTION AND AUTHORITY**

1. As provided for by the Act, the Massachusetts Securities Division has jurisdiction over matters relating to securities.

The Enforcement Section brings this action pursuant to the enforcement authority conferred upon it by Section 407A of the Act, wherein the Massachusetts Securities Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and its Regulations.

3. This proceeding is brought in accordance with Sections 101, 204, and 407A of the Act and its Regulations. Specifically, the acts and practices constituting violations occurred pursuant to Section 414 of the Act.
4. The Enforcement Section 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 between October 2, 2000 and December 2, 2013 (the "Relevant Time Period").

## V.e RESPONDENTe

6.e Jeffrey B. Pierce (“Pierce”) is a Massachusetts resident residing in Waltham with a business address of 680 Hancock Street, Suite 1, Quincy, MA 02170. At all times during the Relevant Time Period, Pierce was registered with the Division as a broker-dealer agent. Pierce’s registration as a broker-dealer agent with the Division expired on December 2, 2013. On October 1, 2013, the Financial Industry Regulatory Authority (“FINRA”) suspended Pierce for six months from associating with any member firm in any capacity and assessed a monetary fine of \$25,000. Although the suspension period has lapsed, Pierce is unable to seek registration as a broker-dealer agent until he pays the \$25,000 fine. As of October 17, 2014, Pierce still owed the full balance of \$25,000 to FINRA.

## VI. RELATED PARTIES

7.e Ava Asset Management d/b/a AvaRose Financial (“AvaRose”) was a Massachusetts registered limited liability company, established on June 8, 2008, with a last known principal place of business at 680 Hancock Street, Suite 1, Quincy, Massachusetts 02170. According to the Corporations Division of the Office of the Secretary of the Commonwealth, AvaRose was dissolved on April 19, 2011. However, according to Pierce, he continues to sell insurance products through AvaRose. All securities transactions initiated by Pierce during the Relevant Time Period were effected through a registered broker-dealer associated with AvaRose.

## VII. ALLEGATIONS

### A. Background

7. Between October 2, 2000 and May 14, 2008, Pierce was registered with the Division as a broker-dealer agent of IFMG Securities, Inc. (“IFMG”).
8. While registered with IFMG, Pierce worked as a “financial advisor” at Sovereign Bank locations in the Commonwealth.
9. Pierce testified to the Enforcement Section that he primarily covered a territory of five Sovereign Bank branches, but at times he covered up to fifteen branches.
10. Pierce’s main branch was located in Dorchester, Massachusetts, where he kept an office and met with clients.
11. Upon information and belief, Pierce would meet with Sovereign Bank clients to sell mutual funds, fixed annuities, variable annuities, and life insurance.
12. On May 14, 2008, Pierce was permitted to resign from IFMG.
13. According to the FINRA form U5 filed by IFMG, “[Pierce] was permitted to resign after a review of certain annuity transactions found that he failed to follow firm policy with respect to the processing of annuity contracts.”
14. Pierce testified to the Enforcement Section that Sovereign Bank notified FINRA of Pierce’s “mistakes,” which led to his resignation.
15. On May 28, 2010, The FINRA Department of Enforcement filed a complaint (“FINRA Complaint”) against Pierce for violations including: concealing annuity switches, falsification of records, fraudulent omissions, unsuitable representations, and misrepresentations to the firm.

16. The FINRA Complaint alleged that Pierce circumvented IFMG procedures in order to conceal seven unsuitable variable annuity replacement transactions. Pierce's actions allegedly allowed him to, "[...] reap the benefit of a new commission without the same level of supervisory scrutiny that would have been associated with the review of replacement/exchange transactions."
17. On January 30, 2012, the FINRA Office of Hearing Officers issued a decision suspending Pierce for one year from associating with any member firm in any capacity and fining Pierce \$25,000.
18. Pierce appealed the decision, and on October 1, 2013, the National Adjudicatory Council issued a decision finding that Pierce, "[...] concealed seven annuity switches from his firm, falsified firm records regarding the annuity switches, and intentionally misrepresented facts to the firm during its subsequent investigation of the circumstances surrounding the annuity switches in an ongoing effort to conceal facts from his firm [...]"
19. The National Adjudicatory Council's decision reduced Pierce's suspension to six months, but upheld the \$25,000 fine.
20. After leaving IFMG, Pierce joined Investors Capital Corporation, where he was registered with the Division as broker-dealer agent from July 11, 2008 until September 26, 2008.
21. In January of 2009, Pierce became registered with the Division as a broker-dealer agent of SagePoint Financial ("SagePoint").
22. Pierce was employed by SagePoint until he was terminated, effective June 12, 2009.



23. The FINRA form U5 filed by SagePoint with FINRA alleged that, “Mr. Pierce violated the firm’s policies and procedures concerning the rules against commingling funds by taking affirmative steps to effect such a prohibited act.”
24. Pierce’s termination at SagePoint came as a result of an unannounced branch examination on Pierce’s office on May 7, 2009 (“SagePoint Exam”).
25. The SagePoint Exam uncovered a total of six deficiencies and five additional “informational items.”
26. Among the informational items noted, the SagePoint examiner stated that, “[...] Pierce had requested a wire transfer of funds from [Client One]’s account at another BD [broker-dealer] to Mr. Pierce’s DBA account [...] It was also noted that Mr. Pierce denied the existence of the DBA account multiple times until admitting to it later in the exam.”
27. The SagePoint Exam report also added that, “Mr. Pierce stated that he has discussed the “Ava Rose Financial Money Fund” with multiple clients, as an investment vehicle, despite the fact that it is non-existent.”
28. A review of Pierce’s financial records during the SagePoint Exam uncovered thirteen insufficient fund charges on Pierce’s bank account statements.
29. After SagePoint terminated Pierce on June 12, 2009, Pierce joined MidAmerica Financial Services, Inc. (“MidAmerica”).
30. Pierce was registered with the Division as a broker-dealer agent of MidAmerica from November 23, 2009 until December 2, 2013.

**B. Relationship with client one**

31. Pierce testified to the Enforcement Section that he first met Client One, a Massachusetts resident, in 2005 at a bank branch in Dorchester, Massachusetts.
32. Through all of 2005, Pierce was registered with the Division as a broker-dealer agent.
33. As a broker-dealer agent, Pierce serviced five bank branch locations, with his main branch located in Dorchester, Massachusetts.
34. According to Pierce, he offered and sold financial products including mutual funds, variable annuities, and fixed annuities.
35. Pierce testified that at the time of their first meeting, Client One was in his early sixties, retired, and seeking to purchase a fixed annuity.
36. Pierce also testified to the Enforcement Section that Client One was in a very good financial situation at the time of their first meeting, noting, “[Client One] was well-off. He owned his house, he had two Corvettes, he owned a Cadillac. You know, he always had money, he was able to take care of himself.”
37. Pierce initially described his relationship with Client One as a friendship.
38. When asked by the Enforcement Section how he knew Client One, Pierce responded, “He was a friend of mine.”
39. Pierce confirmed that Client One was also a client, initially investing approximately \$300,000 with Pierce in a fixed annuity.
40. According to Pierce, “I did some business with him and then we became very, very, we became very good friends.”
41. Pierce added, “[Client One] was at an age where he wanted to have a friend and he would take me out to dinner and there were a couple of times, occasions where I went

out with his family, [...] it was more, it was a friendship more than any other client I've ever had.”

42. Further, Pierce testified that he served as a confidant for Client One, stating, “He confided in me in regards to a lot of personal family matters.”

43. In 2008, when Pierce moved his business to a new broker-dealer and established AvaRose, Client One moved with him.

**C. Misappropriation of Client Funds to Pay Personal Expenses**

44. In 2009, Client One liquidated his securities brokerage account at Investors Capital Corporation (“ICC”).

45. According to records provided to the Enforcement Section, Client One requested that ICC liquidate his brokerage account and make the check payable to “Ava Asset Management, LLC.”

46. Client One used the proceeds from his ICC account to purchase an annuity at SunLife Financial.

47. Upon information and belief, Pierce sold the SunLife Annuity to Client One.

48. In 2011, Pierce sold two additional annuity contracts to Client One, with premiums totaling \$485,623.46.

49. First, on April 5, 2011, Client One purchased an annuity contract with a policy number ending in 779F (“Annuity One”).

50. Annuity One had a premium payment of \$331,329.39.

51. Client One funded Annuity One through the liquidation of an existing annuity contract.

52. Pierce is listed on the Annuity One Transfer Request Form as the agent for the transaction.
53. On April 12, 2011, Client One purchased a second annuity contract with a policy number ending in 804F (“Annuity Two”).
54. Annuity Two had a premium payment of \$154,294.07.
55. Client One funded Annuity Two through a 1035 Exchange, which included an exchange of the SunLife Annuity.
56. Pierce is listed on the Annuity Two Transfer Request Form as the agent for the transaction.
57. According to documents provided to the Enforcement Section, Pierce was both the servicing and writing producer for Annuity One and Annuity Two.
58. When asked by the Enforcement Section for his understanding of “servicing” an account, Pierce responded, “[...] if they need to change an address, update something on their account [...] helping them understand what they had, that's what I understood it to be.”
59. Pierce added that servicing an account also included helping clients to make withdrawals from their investments.
60. During Pierce’s on the record testimony, the Enforcement Section asked Pierce to describe the process of withdrawing funds.
61. In response, Pierce testified, “they have a form that you would fill out and then you'd send that in, and then they would go ahead and process the withdrawal for you.”

62. Pierce stated that the client generally handles the withdrawal process without his assistance, noting, “[...] I felt more comfortable that this is something you [the client] want to do, you should fill this out and sign it and send it in.”
63. When asked specifically about withdrawals by Client One concerning Annuity One and Annuity Two, Pierce testified, “I might have helped him with, maybe it was like the first one to help him get through it, then I said, “this is something that you, anytime you want to withdraw money, this is how you do it,” and I showed him how to do it.”
64. Upon information and belief, the majority of withdrawals from Annuity One and Annuity Two were initiated and facilitated by Pierce, without the knowledge of Client One.
65. On September 28, 2011, Pierce faxed two Annuity Service Request Forms to American General Life Insurance Company (“American General”).
66. The Annuity Service Request Forms requested an address change for Client One, on both Annuity One and Annuity Two, from Client One’s home address to 680 Hancock Street, First Floor, Suite 1, Quincy, MA 02170.
67. The business address for Pierce and AvaRose is 680 Hancock Street, First Floor, Suite 1, Quincy, MA 02170.
68. On September 29, 2011, American General sent correspondence to Client One’s home address confirming that Client One’s address for future correspondence regarding Annuity One and Annuity Two had been changed to Pierce’s business address.

69. Upon information and belief, Client One no longer received any correspondence from American General regarding withdrawals or other account maintenance information.
70. Upon information and belief, Client One never received copies of confirmation documents for withdrawals or any other transactions from American General.
71. Confirmations for withdrawals and other transactions were sent by American General directly to Pierce at AvaRose.

### **1. Withdrawals From Annuity One**

72. On November 1, 2011, a withdrawal of \$45,046.83 was made from Annuity One.
73. The withdrawal was made pursuant to a Deferred Annuity Withdrawal Form (“Withdrawal Form”) submitted to American General on October 27, 2011.
74. The Withdrawal Form requested that American General mail the withdrawal check to an alternate address.
75. The alternate address for the October 27, 2011 withdrawal request was: Citibank, 1500 Boltonfield St., Columbus, Ohio 43228.
76. According to the Citibank website, accessible at [www.citibank.com](http://www.citibank.com), 1500 Boltonfield St., Columbus, Ohio 43228 is an address used for express payments for Citi Consumer Credit Card Accounts.
77. Along with the address for Citibank, the Withdrawal Form noted the specific Citibank account number to receive the withdrawal payment.
78. The account number listed is a Citibank account ending in 2984 (“Citi Account One”).
79. According to documents provided to the Enforcement Section by Citibank, Citi Account One is registered in the name of Pierce.

80. A monthly statement for November 2011 for Citi Account One reflects a payment of \$27,006.00 received on November 5, 2011.
81. After withholdings for taxes and a surrender penalty incurred by Client One for the withdrawal, the final amount of the check issued by American General pursuant to the withdrawal request of October 27, 2011 was \$27,006.00.
82. Upon information and belief, Client One was unaware of the withdrawal payment to Pierce's consumer credit card account at Citibank.
83. Between November 1, 2011 and November 15, 2012, a total of \$296,344.07 was withdrawn from Annuity One.
84. During that same time period, credit card accounts in Pierce's name received \$183,562.33 in payments from Annuity One.
85. Upon information and belief, approximately \$102,780.67 was deducted from Annuity One by American General for state and federal tax payments, and surrender fees.
86. A Discover credit card account in the name of Pierce, account number ending in 3525 ("Discover Account"), received \$67,484.23 in payments from Annuity One.
87. According to records provided by Discover to the Enforcement Section, on August 2, 2012, Pierce made a payment of \$23,949.72 to the Discover Account.
88. On August 3, 2012, Pierce called Discover and requested that Discover refund \$11,000 to his personal bank account via wire transfer.
89. Internal notes provided by Discover to the Enforcement Section indicate that the \$23,949.72 payment sent by Pierce was a check made payable to Client One.
90. Discover did not transfer the \$11,000 to Pierce's personal bank account.

91. Instead, between August 3, 2012 and August 21, 2012, Pierce took \$9,593.00 in cash advances on the Discover Account.
92. A second Citibank credit card account in the name of Pierce, account number ending in 9211 (“Citi Account Two”), received \$84,070.10 in payments from Annuity One.
93. During Pierce’s on-the-record testimony, the Enforcement Section asked Pierce specifically about a Withdrawal Form that directed funds to Citi Account Two.
94. Pierce first claimed that he did not recall how his credit card was paid from Annuity One.
95. Pierce noted to the Enforcement Section that Client One had signed the Withdrawal Form.
96. When asked by the Enforcement Section how Client One could have known the account number for Citi Account Two, Pierce stated that he did not know. Pierce then invoked his rights under the Fifth Amendment to the United States Constitution for the remainder of his testimony.
97. An American Express credit card account in the name of Ava Asset Management and Pierce, account number ending in 3005 (“Amex Account”), received \$5,002.55 in payments from Annuity One.
98. A Wells Fargo Home Mortgage Account, account number ending in 8021 (“Wells Fargo Account”), also received \$10,004.07 in payments from Annuity One.
99. Upon information and belief, the Wells Fargo Account belongs to Pierce.
100. In total, upon information and belief, Pierce directed \$313,017.53 in withdrawals from Annuity One, with at least \$193,566.95 going to Pierce’s personal accounts.



## **2. Withdrawals From Annuity Two**

101. On October 7, 2011, a withdrawal of \$27,314.71 was made from Annuity Two.
102. The withdrawal was made pursuant to a Withdrawal Form submitted to American General on October 3, 2011.
103. The Withdrawal Form requested that American General mail the withdrawal check to an alternate address.
104. The alternate address on the Withdrawal Form was: Citibank, P.O. Box 183037, Columbus, OH 43218.
105. According to the Citibank website, accessible at [www.citibank.com](http://www.citibank.com), P.O. Box 183037, Columbus, OH 43218 is an address to make payments for Citi Consumer Credit Card accounts.
106. Along with the address for Citibank, the Withdrawal Form noted the specific Citibank account number to receive the withdrawal payment. The account number listed is Citi Account One.
107. A monthly statement for October 2011 for Citi Account One reflects a payment of \$27,110.00 received on October 13, 2011.
108. After withholdings for taxes and a surrender penalty incurred by Client One for the withdrawal, the final amount of the check issued by American General pursuant to the withdrawal request of October 3, 2011 was \$27,110.00.
109. Upon information and belief, Client One was unaware of the withdrawal payment to Pierce's consumer credit card account at Citibank.
110. Between October 7, 2011 and May 10, 2012, a total of \$154,779.08 was withdrawn from Annuity Two.

111. During that same time period, credit card accounts in Pierce's name received \$134,203.38 in payments from Annuity Two.
112. Citi Account One received a total of \$101,580.45 in payments from Annuity Two.
113. Citi Account Two received a total of \$18,042.93 in payments from Annuity Two.
114. An American Express credit card account in the name of Ava Asset Management and Pierce, account number ending in 22007 ("Amex Account Two"), received \$14,580 in payments from Annuity Two.
115. A Wells Fargo Home Mortgage Account, account number ending in 5461 ("Wells Fargo Account Two"), also received \$20,005.00 in payments from Annuity Two.
116. Upon information and belief, Wells Fargo Account Two belongs to Pierce.
117. In total, upon information and belief, Pierce directed \$154,779.08 in withdrawals from Annuity Two, with at least \$154,208.38 going to Pierce's personal accounts.

## **VIII. VIOLATIONS OF LAW**

### **A. COUNT I – VIOLATIONS OF MASS. GEN. LAWS ch. 110A, § 101(3)**

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 [...]

(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(3).

119. The Enforcement Section herein re-alleges and restates the allegations of fact set forth in paragraphs 1 through 117 above.
120. The conduct of Respondent, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 101(3).

**B. COUNT II - VIOLATIONS OF MASS. GEN. LAWS ch. 110A, § 204(a)(2)(G)**

121. Section 204 of the Act provides, in pertinent part:

(a) The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds [...] (2) that the applicant or registrant [...]:

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

MASS. GEN. LAWS ch. 110A, § 204(a)(2)(G).

122. The Enforcement Section herein re-alleges and restates the allegations of fact set forth in paragraphs 1 through 117 above.

123. The conduct of Respondent, as described above, constitutes violations of MASS.

GEN. LAWS ch. 110A, § 204(a)(2)(G).

**C. COUNT III – VIOLATIONS OF MASS. GEN. LAWS ch. 110A § 204(a)(2)(F)(ii)**

124. Section 204 of the Act provides, in pertinent part:

(a) The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds [...] (2) that the applicant or registrant [...]:

F. Is the subject of any of the following orders which are currently effective or which were issued within the last five years [...];

ii. a suspension or expulsion from membership in an association with a self regulatory organization registered under the Securities and Exchange Act of 1934 or the Commodities Exchange Act;

MASS. GEN. LAWS ch. 110A, § 204(a)(2)(F)(ii).

125. The Enforcement Section herein re-alleges and restates the allegations of fact set forth in paragraphs 1 through 117 above.

126. The conduct of Respondent, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 204(a)(2)(F)(ii).

### **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:

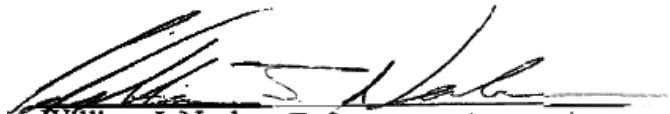
- A. Finding as fact all allegations set forth in paragraphs 1 through 117, inclusive of the Complaint;

- B. Finding that all the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors;
- C. Requiring Respondent to permanently cease and desist from violation of the Act and Regulations in the Commonwealth;
- D. Censuring Respondent;
- E. Requiring Respondent to provide an accounting for those losses attributable to the alleged wrongdoing;
- F. Requiring Respondent to compensate investors for those losses attributable to the alleged wrongdoing;
- G. Requiring Respondent to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing;
- H. Permanently barring Respondent from associating or registering in the Commonwealth as a broker-dealer, broker-dealer agent, or as a partner, officer, director, or control person of a broker-dealer;
- I. Permanently barring Respondent from associating or registering in the Commonwealth with any investment adviser, any entity exempted from registration as an investment adviser in the Commonwealth, and any issuer of any securities in the Commonwealth;
- J. Imposing an administrative fine on Respondent in an amount and upon such terms and conditions as the Director or Presiding Officer may determine; and
- K. Taking any such further action which may be in the public interest and necessary and appropriate for the protection of Massachusetts investors.

**MASSACHUSETTS SECURITIES DIVISION  
ENFORCEMENT SECTION**

By and through its attorneys,

Dated: June 30, 2015

A handwritten signature in black ink, appearing to read "William J. Neelon", is written over a horizontal line.

William J. Neelon, Enforcement Attorney  
Patrick J. Ahearn, Associate Director for Enforcement  
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