

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. BOX 47029
NEWARK, NJ 07101
(973) 504-3600

IN THE MATTER OF:

Frank Venturelli (CRD No. 6403468)

Respondent.

SUMMARY
DENIAL, REVOCATION AND
PENALTY ORDER

Pursuant to the authority granted to Christopher W. Gerold, Chief of the New Jersey Bureau of Securities (“Bureau Chief”), under the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -89 (“Securities Law”) and certain regulations thereunder, and based upon documents and information obtained during the investigation, by the New Jersey Bureau of Securities (“Bureau”), including the Letter of Acceptance, Waiver and Consent, No. 201705246603 (“AWC”) accepted by the Financial Industry Regulatory Authority (“FINRA”) on June 19, 2020, the Bureau Chief hereby finds that there is good cause and it is in the public interest to enter this Summary Denial, Revocation and Penalty Order (“Order”) against Frank Venturelli a.k.a. Frank Vaughn (“Venturelli”), and makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

Introduction

1. From April 2016 until his termination in September 2019, Venturelli (CRD No. 6403468) engaged in a pattern of excessive, unsuitable, and unauthorized trading activity in the accounts of certain customers of First Standard Financial Company, LLC (“First Standard”) (CRD No. 168340), a broker-dealer based in Red Bank, New Jersey.

Respondent

2. Venturelli, residing in Brooklyn, New York, was first registered with the Bureau as an agent of First Standard from May 20, 2015, through March 23, 2016. Venturelli again registered with the Bureau as an agent of First Standard from April 22, 2016, through September 25, 2019.

3. On September 20, 2019, Venturelli became associated with Arive Capital Markets (“Arive”) (CRD No. 8060) and filed an application for agent registration with the Bureau on September 23, 2019.

4. On December 17, 2019, prior to Venturelli becoming registered with the Bureau, Arive filed a Form U5 requesting withdrawal of Venturelli’s application for agent registration with the Bureau.

5. On June 19, 2020, FINRA accepted the AWC in which Venturelli consented to, without admitting or denying, findings that Venturelli engaged in excessive and unsuitable trading in three customer accounts in violation of FINRA Rules 2111 and 2010 between July 2016 and November 2018. As part of the AWC, Venturelli accepted an eleven-month suspension from associating with any FINRA member firm in any and all capacities, and agreed to pay partial restitution in the amount of \$30,000.

**Venturelli Engaged in a Pattern of Excessive, Unsuitable,
and Unauthorized Trading in Customers' Accounts**

6. While registered as an agent of First Standard, Venturelli engaged in a pattern of excessive, unsuitable, and unauthorized trading activity in certain customers' accounts. This trading resulted in significant investment losses to Venturelli's customers, and excessive commissions and fees for himself and First Standard.

7. Instead of recommending a suitable investment strategy for his customers, Venturelli's active trading strategy maximized commissions for himself and First Standard, without regard to its suitability for his customers.

8. Venturelli recommended and executed his short-term trading strategy (often without customer authorization) for his customers in commission-based accounts, meaning that Venturelli and First Standard were paid commissions on each trade (both purchases and sales) that he executed on the customers' behalf. This trading strategy reduced the potential gains of any profitable trades and exacerbated the losses on unprofitable trades. It also caused the customers' accounts to generate exorbitant transaction costs and fees that far exceeded any benefit to the customers from the trading.

9. Both the regulations promulgated pursuant to the Securities Law and FINRA rules require that broker-dealers and agents have a reasonable basis when recommending to a customer a security or an investment strategy. Pursuant to N.J.A.C. 13:47A-6.3(a)(3), it is a dishonest or unethical practice for agents and broker-dealers to recommend "to a customer an investment strategy, or the purchase, sale, or exchange of any security or securities without reasonable grounds to believe that such strategy, transaction, or recommendation is suitable for the customer based upon reasonable inquiry concerning the customer's investment objectives, financial situation, and needs, and any other relevant information known by the broker-dealer." FINRA Rule 2111 states

that each “member or associated person must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer's investment profile.”

10. Despite these rules and regulations, Venturelli recommended and engaged in his short-term trading strategy for his customers without a reasonable basis to believe this strategy was suitable for his customers.

11. Quantitative analysis of Venturelli’s customers’ accounts shows that his short-term trading strategy was unsuitable for them. While there is no single test that defines excessive trading, factors such as cost-to-equity ratio and turnover rate provide a basis for a finding of excessive trading.

12. The cost-to-equity ratio of an account is determined by first calculating the sum of the commissions, costs, and other fees in an investor’s account, and then dividing that sum by the average equity in the account on an annualized basis. This estimate shows the percentage of investment returns needed to pay the costs and commissions of the brokerage firm and its agent before an investor can even begin to make a profit on the investments.

13. The turnover rate measures how often the securities in an investor’s portfolio are traded in a year. Turnover rate is calculated by dividing the total security purchases by the average month-end equity balance in an account, and then annualizing the result. Turnover rates of six or more presumptively indicate excessive trading. Turnover rates of less than six may also be excessive in cases where the level of activity is unsuitable for the investor.

14. A review of former First Standard customer accounts managed by Venturelli found that Venturelli engaged in excessive, unsuitable, and unauthorized trading in at least five customer

accounts. The cost-to-equity ratios for these five customers ranged from approximately 17% to 166%. The annualized turnover rates ranged from 15 to 41. Both the cost-to-equity ratio and turnover rates demonstrate that Venturelli's recommended short-term trading strategy was excessive and unsuitable.

15. Venturelli generated \$129,876.65 in gross commissions and fees from his trading strategy in just these five customers' accounts. As described below, Venturelli was only able to generate these commissions by engaging in excessive, unsuitable, and unauthorized trading.

Customer TT

16. Customer TT resides in Sacramento, California and opened a brokerage account with First Standard on January 5, 2016, after being contacted by Venturelli on a cold call. Customer TT was 68 years old and retired at that time, having worked for the United States Army Corp of Engineers for 28 years. Customer TT was not a sophisticated investor and suffers from Parkinson's disease. Venturelli promised Customer TT that Venturelli would "double his money in six months," and urged him to place his trust with Venturelli and First Standard.

17. Customer TT informed Venturelli that the assets in Customer TT's account represented precious life savings that were being used largely to pay the mortgage on his house, and to pay for his medical expenses related to his Parkinson's disease.

18. From January 2016 to February 2018, in a span of just over two years, the annualized cost-to-equity ratio in Customer TT's account was 89%, with commissions and fees of \$7,141 and an average net equity of \$8,030. This meant that Customer TT's account would have had to earn 89% on a yearly basis simply to pay Venturelli and First Standard's commissions and fees, much less generate a return. During this same period, Customer TT's account was turned

over 41 times on an annualized basis. Customer TT ultimately lost \$25,216, nearly his entire investment of \$30,797, as a result of the excessive and unsuitable trading by Venturelli.

Customer NM

19. Customer NM was born, raised, and presently resides in Dover, New Hampshire. Customer NM owns and has operated a lawn care and landscaping business for 32 years. As with Customer TT, Customer NM was contacted by Venturelli through a cold call. Customer NM had never invested in the stock market and had limited investment experience. Customer NM was an unsophisticated investor and was not seeking to trade in speculative investments.

20. From the account opening in July 2017 through September 2019, without Customer NM's prior authorization, Venturelli engaged in a pattern of excessive, unsuitable, and unauthorized trading in Customer NM's account. Venturelli traded in and out of speculative and volatile equities and told Customer NM not to worry because other First Standard agents were "pushing" the stock.

21. In and around February 2018, Customer NM started noticing trading activity in the account that he had not authorized. He complained to Venturelli, stating that all purchases and sales needed to be preapproved by him. To further compound the risks associated with this excessive, unsuitable, and unauthorized trading, Venturelli used margin in NM's account without first seeking permission to make specific securities purchases on margin, which generated \$2,235 in margin interest for First Standard. Customer NM did not know what trading on margin meant, or what the risks were in having a leveraged investment account.

22. From July 2017 to September 2019, in a span of just over two years, the annualized cost-to-equity ratio in Customer NM's account was 79%, with commissions and fees of \$13,513 and an average net equity of \$10,139. This meant that Customer NM's account would have had

to earn 79% on a yearly basis simply to pay Venturelli and First Standard's commissions and fees, much less generate a return. During this same period, Customer NM's account was turned over 21 times on an annualized basis. Ultimately, Customer NM's account lost \$35,092, nearly his entire investment of \$36,984, as a result of the excessive, unsuitable, and unauthorized trading by Venturelli.

Customer RW

23. Customer RW resides in Houston, Texas where he owns and operates a carpet, tile, and remodeling business. Customer RW had very limited experience investing in the stock market prior to being cold called at his store in Houston by Venturelli. Despite Customer RW having limited market experience and not understanding the risks entailed in having a leveraged account, Venturelli persuaded Customer RW to open a margin account.

24. From January 2018 through August 2019, Customer RW deposited \$641,740 in a First Standard account with Venturelli as the agent. These assets represented years of savings Customer RW had accumulated through his carpet, tile, and remodeling business. Venturelli would typically call and engage in high-pressure sales tactics with Customer RW to purchase certain stocks, calling him repeatedly throughout the day and encouraging him to invest more money. Venturelli advised Customer RW that the stocks he purchased were going to increase in value and that everyone at First Standard was purchasing the same stock.

25. Over this period, Customer RW noticed purchases and sales of securities in his account that he had not authorized. He verbally complained to Venturelli, and instructed Venturelli that he needed to approve all purchases and sales. Venturelli's unauthorized activity also included trading on margin in Customer RW's investment account. Venturelli traded on margin without first obtaining authorization from Customer RW to make specific purchases,

exposing him to higher risk. Customer RW noticed the margin balance in his account increasing and ordered Venturelli to stop trading on margin and to reduce the margin balance. Despite Customer RW's repeated demands not to conduct trades on margin and without his consent, the margin balance in the account ballooned to over \$700,000 just ten months after the account was opened. First Standard charged Customer RW \$46,209 in margin interest in a span of 18 months.

26. From January 2018 to August 2019, the annualized cost-to-equity ratio in Customer RW's account was 23%, with commissions and fees of \$88,886 and an average net equity of \$259,205. This meant that Customer RW's account would have had to earn 23% on a yearly basis simply to pay Venturelli and First Standard's commissions and fees, much less generate a return. During this same period, Customer RW's account was turned over 15 times on an annualized basis. Customer RW ultimately lost \$521,497, nearly his entire investment of \$641,740 as a result of the excessive, unsuitable, and unauthorized trading by Venturelli.

Customer PS

27. Customer PS resides in Prescott Valley, Arizona and works as a residential real estate agent. Customer PS opened a First Standard account with Venturelli as the agent after being contacted on a cold call. Customer PS was 57 years old and planning for retirement right around the time he opened the account on August 9, 2016. Customer PS had limited market experience and had never invested in individual stocks. Customer PS had never traded on margin and had no understanding of what margin was or how it functioned. Venturelli proceeded to purchase highly speculative equities in Customer PS's investment account. These purchases and sales would routinely be made without input or prior authorization from Customer PS.

28. From August 2016 to November 2018, the annualized cost-to-equity ratio in Customer PS's account was 100%, with commissions and fees of \$13,915 and an average net

equity of \$6,164. This meant that Customer PS's account would have had to earn 100% on a yearly basis simply to pay Venturelli and First Standard's commissions and fees, much less generate a return. During this same period, Customer PS's account was turned over 38 times on an annualized basis. Customer PS ultimately lost \$29,880, nearly his entire investment of \$30,352, as a result of the excessive, unsuitable, and unauthorized trading by Venturelli.

Customer CG

29. Customer CG, a veteran who served in the United States Army from 1961 to 1964, resides in Oak Ridge, Tennessee. After his military service he worked as a subcontractor for the Department of Energy as an iron worker and rigger, moving machinery at nuclear facilities, and retired in 2005.

30. Customer CG had limited experience investing in the stock market and was living off very limited retirement assets when Venturelli cold called him at home. Customer CG initially would not invest any money with Venturelli, but, after repeated calls, Venturelli persuaded Customer CG to open a First Standard account on February 28, 2018.

31. Customer CG told Venturelli that his account represented his entire life savings and that he wanted to invest carefully. Instead of conservatively investing Customer CG's assets, Venturelli proceeded to engage in excessive and unsuitable trading of his account.

32. Customer CG noticed unauthorized trading in his account. Customer CG became so upset about the unauthorized trading that he told Venturelli he would contact the U.S. Securities and Exchange Commission. Then, a person identifying themselves as Venturelli's supervisor called Customer CG. Customer CG told the supervisor that there had been repeated unauthorized trading in his account. After the call, Customer CG was advised by Venturelli that First Standard was going to put \$9,000 back into his account to make up for the commissions charged. Venturelli

told Customer CG that he wanted to invest the \$9,000 in a security known as NII Holdings under trading ticker “NIHD” and Customer CG told him “no.” Venturelli went ahead and purchased the stock with the \$9,000 anyway despite Customer CG’s instruction not to purchase.

33. From February 2018 to April 2019, in a span of just over one year, the annualized cost-to-equity ratio in Customer CG’s account was 17%, with commissions and fees of \$6,419 and an average net equity of \$37,147. This meant that Customer CG’s account would have had to earn 17% on a yearly basis simply to pay Venturelli and First Standard’s commissions and fees, much less generate a return. During this same period, Customer CG’s account was turned over 23 times on an annualized basis. Customer CG ultimately lost \$29,123, just under half of his investment of \$71,276, as a result of the excessive, unsuitable, and unauthorized trading by Venturelli.

CONCLUSIONS OF LAW

**VENTURELLI MADE UNTRUE STATEMENTS AND OMITTED TO STATE
MATERIAL FACTS NECESSARY IN ORDER TO MAKE THE STATEMENTS MADE,
IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY ARE MADE,
NOT MISLEADING**
N.J.S.A. 49:3-52(b)

34. The preceding paragraphs are incorporated by reference as though set forth in full herein.

35. Pursuant to N.J.S.A. 49:3-52:

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

. . .

(b) 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

36. Venturelli omitted to state material facts to certain customers, including that he would be:

- a. engaging in unsuitable and excessive trading;
- b. using margin trading that would cause the customers' accounts to incur significant commissions, fees, and costs; and
- c. engaging in trading without prior authorization (i.e., unauthorized trading).

37. Each omission of material fact and each material false or misleading statement is a violation of N.J.S.A. 49:3-52(b).

38. Each violation of N.J.S.A. 49:3-52(b) upon each person is a separate violation and cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**VENTURELLI ENGAGED IN AN ACT, PRACTICE, OR COURSE
OF BUSINESS WHICH OPERATES OR WOULD OPERATE AS A
FRAUD OR DECEIT UPON ANY PERSON**

N.J.S.A. 49:3-52(c)

39. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

40. Pursuant to N.J.S.A. 49:3-52:

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

...

(c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

41. Venturelli engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit upon certain customers by:

- a. engaging in unsuitable and excessive trading;
- b. using margin trading that would cause the customers' accounts to incur significant commissions, fees, and costs; and
- c. engaging in trading without prior authorization (i.e., unauthorized trading).

42. Each act is a violation of N.J.S.A. 49:3-52(c).

43. Each violation of N.J.S.A. 49:3-52(c) upon each person is a separate violation and cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**VENTURELLI ENGAGED IN DISHONEST OR UNETHICAL
PRACTICES IN THE SECURITIES BUSINESS**

N.J.S.A. 49:3-58(a)(1)

N.J.S.A. 49:3-58(a)(2)(vii)

N.J.A.C. 13:47A-6.3(a)(2)

44. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

45. Pursuant to N.J.S.A. 49:3-58(a):

The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant . . . (vii) has engaged in dishonest or unethical practices in the securities . . . business, as may be defined by the rule of the bureau chief.

46. Pursuant to N.J.A.C. 13:47A-6.3(a):

Dishonest or unethical practices as used in N.J.S.A. 49:3-47 et seq. . . . shall include the following:

. . .

(2) Inducing trading in a customer's account that is excessive in size or frequency in view of the financial resources and character of the account.

47. As demonstrated above, Venturelli engaged in dishonest or unethical practices in the securities business by inducing trading in the accounts of Customers TT, NM, RW, PS, and CG, that was excessive in size and frequency in view of the financial resources and character of the accounts.

48. Based upon the foregoing, and pursuant to N.J.S.A. 49:3-58(a)(1), the denial and revocation of Venturelli's registration as an agent and denial of certain exemptions are in the public interest.

**VENTURELLI ENGAGED IN DISHONEST OR UNETHICAL
PRACTICES IN THE SECURITIES BUSINESS**

N.J.S.A. 49:3-58(a)(1)

N.J.S.A. 49:3-58(a)(2)(vii)

N.J.A.C. 13:47A-6.3(a)(3)

49. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

50. Pursuant to N.J.S.A. 49:3-58(a):

The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant . . . (vii) has engaged in dishonest or unethical practices in the securities . . . business, as may be defined by the rule of the bureau chief.

51. Pursuant to N.J.A.C. 13:47A-6.3(a):

Dishonest or unethical practices as used in N.J.S.A. 49:3-47 et seq. . . . shall include the following:

. . . .

(3) Recommending to a customer an investment strategy, or the purchase, sale, or exchange of any security or securities without reasonable grounds to believe that such strategy, transaction, or recommendation is suitable for the customer based upon reasonable inquiry concerning the customer's investment objectives, financial situation, and needs, and any other relevant information known by the broker-dealer.

52. As demonstrated above, Venturelli engaged in dishonest or unethical practices in the securities business by recommending to Customers TT, NM, RW, PS, and CG an investment strategy, or the purchase, sale, or exchange of any security or securities without reasonable grounds to believe that such strategy, transaction, or recommendation was suitable for the customers.

53. Based upon the foregoing, and pursuant to N.J.S.A. 49:3-58(a)(1), the denial and revocation of Venturelli's registration as an agent and denial of certain exemptions are in the public interest.

**VENTURELLI ENGAGED IN DISHONEST OR UNETHICAL
PRACTICES IN THE SECURITIES BUSINESS**

N.J.S.A. 49:3-58(a)(1)
N.J.S.A. 49:3-58(a)(2)(vii)
N.J.A.C. 13:47A-6.3(a)(4)

54. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

55. Pursuant to N.J.S.A. 49:3-58(a):

The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant . . . (vii) has engaged in dishonest or unethical practices in the securities . . . business, as may be defined by the rule of the bureau chief.

56. Pursuant to N.J.A.C. 13:47A-6.3(a):

Dishonest or unethical practices as used in N.J.S.A. 49:3-47 et seq. . . . shall include the following:

. . . .

(4) Placing an order or executing a transaction on behalf of a customer without prior authorization to do so.

57. As demonstrated above, Venturelli engaged in dishonest or unethical practices in the securities business by placing orders or executing transactions on behalf of Customers, NM, RW, PS, and CG without prior authorization (i.e., unauthorized trading).

58. Based upon the foregoing, and pursuant to N.J.S.A. 49:3-58(a)(1), the denial and revocation of Venturelli's registration as an agent and denial of certain exemptions are in the public interest.

**VENTURELLI ENGAGED IN DISHONEST OR UNETHICAL
PRACTICES IN THE SECURITIES BUSINESS**

N.J.S.A. 49:3-58(a)(1)
N.J.S.A. 49:3-58(a)(2)(vii)
N.J.A.C. 13:47A-6.3(a)(6)

59. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

60. Pursuant to N.J.S.A. 49:3-58(a):

The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant . . . (vii) has engaged in dishonest or unethical practices in the securities . . . business, as may be defined by the rule of the bureau chief.

61. Pursuant to N.J.A.C. 13:47A-6.3(a):

Dishonest or unethical practices as used in N.J.S.A. 49:3-47 et seq. . . . shall include the following:

. . . .

(6) Executing any transaction in a margin account without securing consent to trade on margin from the customer before the initial transaction in the account.

62. As discussed above, Venturelli engaged in dishonest or unethical practices in the securities business by executing trades on margin in Customer accounts belonging to Customer NM, RW, PS, and CG without obtaining their express authorization.

63. Based upon the foregoing, and pursuant to N.J.S.A. 49:3-58(a)(1), the denial and revocation of Venturelli's registration as an agent and denial of certain exemptions are in the public interest.

**VENTURELLI IS THE SUBJECT OF AN ORDER OF A SELF-REGULATORY
ORGANIZATION SUSPENDING HIM FROM A SELF-REGULATORY
ORGANIZATION**

N.J.S.A. 49:3-58(a)(1)
N.J.S.A. 49:3-58(a)(2)(vi)

64. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

65. Pursuant to N.J.S.A. 49:3-58(a):

The bureau chief may by order deny, suspend, or revoke any registration if

he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant . . . (vi) . . . is the subject of an order of . . . a self-regulatory organization . . . suspending or expelling him from a national securities or commodities association.

66. Venturelli has been suspended by FINRA for excessively trading customer accounts.

67. This is cause, pursuant to N.J.S.A. 49:3-58(a)(2)(vi), to deny and revoke Venturelli's registration as an agent, and to deny certain exemptions.

68. Based upon the foregoing, and pursuant to N.J.S.A. 49:3-58(a)(1), the denial and revocation of Venturelli's registration as an agent and denial of certain exemptions are in the public interest.

CONCLUSION

For the reasons stated above, it is on this 28th day of December 2020 **ORDERED** that:

69. The agent registration of Venturelli is **DENIED** and **REVOKED**.

70. Venturelli is assessed and liable to pay civil monetary penalties in the amount of \$120,000 pursuant to N.J.S.A. 49:3-70.1, for violations of the Securities Law described in this Order, which is immediately due and payable to the "State of New Jersey, Bureau of Securities." Payment of civil monetary penalties shall be made by certified check, bank check or an attorney trust account check, and delivered to the Bureau at 153 Halsey Street, 6th Floor, Newark, NJ 07102, to the attention of the Bureau Chief. The payment for the civil monetary penalties shall be deposited into the Securities Enforcement Fund, pursuant to N.J.S.A. 49:3-66.1.

71. All exemptions contained in N.J.S.A. 49:3-50 subsections (a) paragraph 9, 10, and 11 and subsection (b) are hereby **DENIED** as to Venturelli.

72. All exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c), and N.J.S.A. 49:3-56(g) are hereby **DENIED** as to Venturelli.

A handwritten signature in black ink, appearing to read 'C. Gerold', with a horizontal line extending from the end of the signature.

Christopher W. Gerold
Chief, Bureau of Securities

NOTICE OF RIGHT TO HEARING

Pursuant to the Uniform Securities Law, N.J.S.A. 49:3-47 to -89 (“Securities Law”), and specifically, N.J.S.A. 49:3-58(c), the bureau chief shall entertain on no less than three days’ notice, a written application to lift the summary revocation on written application of the applicant or registrant and in connection therewith may, but need not, hold a hearing and hear testimony, but shall provide to the applicant or registrant a written statement of the reasons for the summary revocation.

This matter will be set down for a hearing if a written request for such a hearing is filed with the Bureau within 20 days after the respondent receives this Order. A request for a hearing must be accompanied by a written response, which addresses specifically each of the allegations set forth in the Order. A general denial is unacceptable. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney.

Orders issued pursuant to this subsection to suspend or revoke any registration shall be subject to an application to vacate upon 10 days’ notice, and a preliminary hearing on the order to suspend or revoke any registration shall be held in any event within 20 days after it is requested, and the filing of a motion to vacate the order shall toll the time for filing an answer and written request for a hearing.

If no hearing is requested, the Order shall become a Final Order and will remain in effect until modified or vacated. If a hearing is held, the Bureau Chief shall affirm, vacate or modify the order in accord with the findings made at the hearing.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -89, provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action denying and revoking your registration, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of the relief requested does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.