

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
(973) 504-3600

IN THE MATTER OF:

John Joseph Cahill
(CRD No. 1240551),

Respondent.

SUMMARY REVOCATION
ORDER

Pursuant to the authority granted to Christopher W. Gerold, Chief of the New Jersey Bureau of Securities (“Bureau Chief”), under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -89 (“Securities Law”) and certain regulations thereunder, and based upon the investigation by the New Jersey Bureau of Securities (“Bureau”), and after careful review and due consideration of the Notice of Letter of Acceptance, Waiver and Consent, No. 2019061661601 (“AWC”), accepted by the Financial Industry Regulatory Authority (“FINRA”) on January 2, 2020, the Bureau Chief hereby finds that there is good cause and that it is in the public interest to enter this Summary Revocation Order (“Order”) against John Joseph Cahill (“Cahill”). Accordingly, the Bureau Chief makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Cahill was terminated as an agent and investment adviser representative of Janney Montgomery Scott LLC (“Janney”) after it was discovered that he failed to report an on-going fiduciary relationship with a 98-year-old New Jersey widow. The widow was not a current customer of Cahill, but was a customer of Cahill at his prior firm. In early 2019, a Guardian *ad litem* was appointed over the widow to protect her and her remaining assets. An investigation by the court-appointed Guardian *ad litem* determined that Cahill used a power of attorney over the

widow for his benefit. From 2012 through 2019, Cahill used the widow's bank account to write checks payable to himself and to cash. In total, these checks added up to \$693,990. Cahill also used the widow's account to pay his daughter, his wife, and various other individuals who performed unexplained services for the widow. Including the checks payable to Cahill or cash, a total of more than \$1,000,000 was drawn from the widow's accounts by Cahill. The widow died in February 2019.

2. Cahill (CRD No. 1240551), residing in Mahwah, New Jersey, was registered with the Bureau as an agent of several broker-dealers from 1984 to 2019, and investment adviser representative from 2002 to 2019. He was most recently registered with the Bureau as an agent of Janney (CRD No. 463) from October 29, 2013 through March 5, 2019 and as an investment adviser representative from October 16, 2013 through March 5, 2019.

3. On February 4, 2019, Janney initiated its internal review of Cahill's receipt of funds while acting under a power-of-attorney for that prior customer ("Cahill POA"), which it reported to the CRD on March 8, 2019. The internal review concluded on March 1, 2019.

4. On March 1, 2019, Janney discharged Cahill for knowingly failing to report an ongoing fiduciary relationship with a Cahill customer from a prior broker-dealer.

5. During Cahill's employment with Janney, Janney's policies and procedures required notice and approval from Janney prior to an agent serving in a fiduciary capacity. From 2014 through Cahill's termination the policy stated:

It is Janney policy that no FA or any Janney employee, shall be permitted to serve in a fiduciary capacity for any third party who is not a member of the employee's immediate family, whether such third party maintains an account with Janney or outside Janney. Fiduciary capacity includes, but is not limited to, trustee, executor, POA, guardian, and general partner.

6. On October 31, 2013, shortly after his registration with the Bureau, Cahill completed a Janney form entitled “Request for Approval-Outside Activity, Private Investment and/or Fiduciary Appointment” (“Cahill 2013 Request Form”). On the Cahill 2013 Request Form, Cahill requested approval for a private securities transaction. The request was approved. Cahill did not seek approval for the Cahill POA at that time. Subsequently, Cahill requested and received approval to serve as a fiduciary as a trustee for a trust (“SC Trust”).

7. During all relevant times, Janney required that employees, including Cahill, complete an Annual Employee Certification Review (“Janney AEC”).

8. The Janney AEC asked Cahill whether he had any additional outside business activities to declare and whether he was currently serving as a trustee, fiduciary as well as any other similar activities that are not already listed in his outside business activities disclosure.

9. In Cahill’s responses to the Janney AEC from 2014 through 2018, he responded “No” to each of those questions, and confirmed the SC Trust.

10. Cahill never disclosed to Janney the Cahill POA, nor did he request approval to serve in that capacity in violation of Janney’s policies and procedures.

FINRA AWC

11. On January 02, 2020, FINRA accepted the AWC in which Cahill consented to findings, without admitting or denying, that included the following:

- a. On November 1, 2019, pursuant to FINRA Rule 8210, FINRA sent Cahill requests for documents and information and that Cahill appear and provide on-the-record testimony related to an investigation concerning potential commingling and/or conversion of funds belonging to, and serving as power-of-attorney for, an elderly

individual who was Cahill's customer while he was associated with his former FINRA member firm employer.

- b. On November 18, 2019, Cahill acknowledged, in a letter from his counsel, that he received FINRA's request but would not provide the requested documents and information or appear for on-the-record testimony at any time.

12. In the AWC, Cahill consented to the imposition of a sanction barring him from association with any FINRA member in any capacity.

13. FINRA accepted the AWC on January 2, 2020.

CONCLUSIONS OF LAW

CAHILL 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)

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

15. 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 bureau chief.

16. Cahill engaged in dishonest and unethical practices in the securities business by violating Janney's policies and procedures by failing to disclose the Cahill POA.

17. This is cause pursuant to N.J.S.A. 49:3-58(a)(2)(vii) to deny Cahill's agent and investment adviser representative registrations.

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

CAHILL IS THE SUBJECT OF AN ORDER OF A SELF-REGULATORY ORGANIZATION
EXPELLING 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)

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

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

[t]he 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...

21. Having been barred from association with any FINRA member, Cahill has effectively been expelled from a self-regulatory organization. This is cause, pursuant to N.J.S.A. 49:3-58(a)(2)(vi), to revoke Cahill's agent and investment adviser registrations and to deny certain exemptions.

22. Based upon the foregoing, and pursuant to N.J.S.A. 49:3-58(a)(1), the revocation of Cahill's registrations as an agent and investment adviser representative and the denial of certain exemptions is in the public interest.

CONCLUSION

THEREFORE, it is on this 1st day of March 2021 hereby **ORDERED** that:

23. The agent registration of John Joseph Cahill is **REVOKED**;

24. The investment adviser representative registration of John Joseph Cahill is **REVOKED**;

25. All exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11, and subsection (b), are hereby **DENIED** as to John Joseph Cahill; and further

26. The 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 John Joseph Cahill.

A handwritten signature in black ink, appearing to read "C. Gerold". The signature is written in a cursive style with a large, stylized "G".

Christopher W. Gerold
Chief, Bureau of Securities

NOTICE OF RIGHT TO HEARING

Pursuant to the Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -89, 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 or 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 15 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 N.J.S.A. 49:3-50(c) and/or N.J.S.A. 49:3-58(c) 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 be entered as 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 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 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 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.