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In the Matter of:

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) **FINAL ORDER BY CONSENT**  
) **ALLOWING AND IMPOSING**  
) **RESTRICTIONS OR**  
) **LIMITATIONS ON**  
) **REGISTRATION AS A**  
) **SECURITIES DEALER**

**APPLICATION FOR REGISTRATION AS**  
**A SECURITIES DEALER OF**  
**BCG SECURITIES, INC.**  
CRD NUMBER 70

)  
) **FILE NO. 12-SEC-055**  
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**THIS CAUSE** coming on to be heard and being heard by the Secretary of State of the State of North Carolina as Administrator (the “Administrator”) of the North Carolina Securities Act (North Carolina General Statutes, Chapter 78A)(the “Securities Act”) and the North Carolina Investment Advisers Act (North Carolina General Statutes, Chapter 78C)(the “Investment Advisers Act”); and

**IT APPEARING** to the Administrator that the undersigned BCG Securities, Inc. (“Applicant” or “BCG”), a securities dealer and an investment adviser covered by federal law, desires to resolve the investigations of the Securities Division of the North Carolina Department

of the Secretary of State (the “Division”) arising from the application of North Carolina law to its business activities, without further controversy or the full use of the procedural rights available to Applicant under North Carolina law, and that Applicant, by its written consent to this Final Order, admits to the making of Findings of Fact and Conclusions of Law and the entry of a Final Order in conformity therewith in this proceeding.

The Administrator, acting through her duly appointed Deputy Securities Administrator, makes the following:

### **FINDINGS OF FACT**

(1) The Administrator has jurisdiction over the subject matter of this proceeding and over the person of BCG Securities Inc., pursuant to the Securities Act and Investment Advisers Act.

(2) Applicant (CRD # 70) is a foreign corporation incorporated in the state of Pennsylvania. Applicant maintains a registered office address of 1515 Market Street, Suite 2000, Philadelphia, Pennsylvania 19103. Applicant has a corporate office located in North Carolina at 242 West Millbrook Road, Raleigh, North Carolina 27609. Applicant maintains a branch office located at 1320 Mathews-Mint Hill Road, Mathews, North Carolina 28105.

(3) Applicant admits the jurisdiction of the Administrator, voluntarily consents to the entry of this Final Order, and elects to expressly and permanently waive any and all rights under the Securities Act, the North Carolina Administrative Procedure Act (N.C.G.S. Chapter 150B), or any other law, to a Notice of Hearing, a hearing, the making of findings of fact and conclusions of law, and all further proceedings before the Administrator to which it may be entitled related to the subject of this Final Order. Applicant also expressly and permanently waives all rights to seek judicial review or otherwise challenge the validity of this Final Order, or

the entry of the Final Order in conformity therewith in this proceeding.

(4) Applicant was registered as a securities dealer with the Division under provisions of the Securities Act from 15 January 2003 through 06 December 2011.

(5) The Financial Industry Regulatory Authority (“FINRA”) is a private entity authorized under federal law to act as a self-regulatory organization (“SRO”) to test, register, and discipline firms and persons engaged in the business of acting as securities dealers and salesmen. FINRA was formerly known as the National Association of Security Dealers (“NASD”) and has merged its functions as an SRO approved by the United States Securities and Exchange Commission with the enforcement operation of the New York Stock Exchange (“NYSE”). FINRA is still in the process of combining NASD, NYSE and new FINRA rules into one manual and thus certain of its rules are still cited by reference to NASD rules and others by reference to FINRA rules.

(6) FINRA maintains the Central Registration Depository (“CRD”) to operate as a clearinghouse and database of registration status of broker-dealer firms and investment firms throughout the United States. The CRD indicates the status of individuals employed by or representing these firms.

(7) State securities administrators, including the Administrator, use this database system to account for all securities broker-dealer representatives and investment adviser representatives licensed to do business in North Carolina.

(8) The CRD is the mechanism by which securities firms and individual securities salesmen renew on a yearly basis their registrations with FINRA, the Securities Exchange Commission, and each state within which the firm and its associated securities salesmen transact securities business.



(9) On 06 December 2011 Applicant acted to withdraw its pending registration as a securities dealer in Hawaii. Applicant represents that it mistakenly submitted to the CRD a Form BDW (Uniform Request for Broker-Dealer Withdrawal) to withdraw its registration as a securities dealer with North Carolina, among other states.

(10) Upon realization of the filed Form BDW, which contained the request to withdraw from FINRA registration, Applicant was contacted by FINRA on the same date and advised to send a letter to FINRA advising it that the Form BDW was filed in error. Applicant faxed a letter to FINRA confirming the nature of the error.

(11) Applicant was informed by FINRA on 06 December 2011 that the firm was in good standing with its FINRA registration and it was advised the mistake would be corrected and the matter resolved.

(12) On 07 December 2011 the Division, based on the Form BDW submitted by Applicant, terminated Applicant's registration with the Division as a securities dealer. As a consequence of terminating Applicant's registration as a securities dealer, each registration of all of the firm's associated registered securities salesmen with the Division was also terminated.

(13) On 09 February 2012 Applicant submitted to the CRD a Form BD (Uniform Application for Broker-Dealer Registration) to renew its registration as securities dealer with the Division. To date, Applicant has submitted to the CRD no Form U-4 (Uniform Application for Securities Industry Registration or Transfer), for the registration as securities salesman with the Division, for any of its associated securities salesmen.

(14) Applicant participated as a securities dealer, directly or through its associated securities salesmen, into or from North Carolina in approximately twenty-three securities transactions from 07 December 2011 through on or about 27 February 2012 ("Relevant Period")

involving an aggregate value of approximately three hundred thousand dollars. As a result of its services as a securities dealer, and those of its associated securities salesmen, Applicant and its associated securities salesmen received monetary compensation.

(15) Of those approximately twenty-three securities transactions during the Relevant Period, Applicant participated as a securities dealer, directly or through its associated securities salesmen, into or from North Carolina in at least four transactions after it submitted via the CRD to the Division its Form BD to renew its registration as securities dealer with the Division.

(16) During the Relevant Period, Applicant was not registered as a securities dealer with the Division in accordance with the Securities Act.

(17) During the Relevant Period, Applicant employed or utilized, or both, ten associated securities salesmen whose registration with the Division was terminated. The ten associated securities salesmen included: Donald P. Antonacio, Shawn J. Bedford, Ho-Tae Chang, Mark E. Charnet, Francis P. Harshaw, Thomas M. Monahan, Jonathan P. Reardon, William A. Romeo, Patricia Strain-Riley, and Patrick L. White.

(18) During the Relevant Period, approximately five of Applicant's associated securities salesmen, Donald P. Antonacio, Shawn J. Bedford, Thomas M. Monahan, William A. Romeo, and Patricia Strain-Riley, through his or her employment and affiliation with Applicant, acted as a securities salesman in relation to a securities transaction effected into or from North Carolina. The associated securities salesman, Romeo, conducted securities business from a branch office located in Matthews, North Carolina.

(19) During the Relevant Period, all of Applicant's associated securities salesmen, including the five associated securities salesmen mentioned in ¶18 above, were not registered as securities salesmen with the Division in accordance with the Securities Act.

(20) Applicant maintained written supervisory procedures (“WSP”) addressing how it would meet its obligation as a firm, with associated securities salesmen, to maintain current registration and comply with the laws of the State of North Carolina and rules of the Division, and of other states and related entities.

(21) The WSP stated in relevant part: (1) under section 4. Personnel 4.1 Employment of New Personnel, “The firm’s compliance officer...will be responsible to ensure that proper registration and licensing procedures are in place and that the firm is staffed with personnel holding the appropriate license(s)”; and (2) under section 4. Personnel 4.1.2 Terminations, “Registrations of [associated securities salesmen] shall be maintained for those persons engaged in the securities business transacting through [Applicant].”

(22) Applicant did not follow its internal standards under the WSP governing registration of its firm and its associated securities salesmen because it, and its associated securities salesmen, effected securities transactions into or from North Carolina during the Relevant Period while it, and its associated securities salesmen, were not registered to transact securities business into or from North Carolina.

(23) Applicant did not have an adequate system in place to flag for unregistered securities salesmen activity in violation of N.C.G.S. §78A-39(a1)(2)(a).

(24) BCG transacted business in North Carolina as an investment adviser covered under federal law beginning in 2006. BCG did not make a notice filing with the Division pursuant to N.C.G.S. §78C-17(a1), as required, until 18 April 2012. However, BCG was subject to a notice filing requirement as of 18 November 2010.

(25) The acceptance and entry of this Final Order is in the public interest of the citizens of North Carolina and for the protection of investors as the registration as securities dealer to be



issued to Applicant, and any renewal or transfer of registration to a successor dealer is restricted or limited upon the conditions found in this Final Order.

(26) This Final Order contains the entire settlement agreement between the undersigned, there being no agreement of any kind, verbal or otherwise, which varies, alters, or adds to this Final Order. BCG Securities, Inc. affirmatively states that it has freely agreed to the signing of this Final Order, and that no threats, promises or offers of any kind, other than as stated in this document, have been made by the Securities Administrator, Deputy Securities Administrator, any member of the staff of the Division, or any agent or employee of the Department of the Secretary of State in connection with the signing of this Final Order.

(27) BCG Securities, Inc. agrees that the presentation of this Final Order to the Administrator without BCG Securities, Inc. or counsel, if any, being present shall not constitute an improper ex parte communication between the Administrator and the Division or counsel for the Division. This Final Order shall be effective only after approval and execution by the Administrator.

**BASED UPON THE FOREGOING** Findings of Fact, the Administrator makes the following:

#### **CONCLUSIONS OF LAW**

(1) The Administrator has jurisdiction over the subject matter of this proceeding and over the person of BCG Securities, Inc. pursuant to the Securities Act and Investment Advisers Act.

(2) The acceptance and entry of this Final Order is in the public interest as required by N.C.G.S. §§78A-39(a)(1) and 78A-39(a1)(1), and N.C.G.S. §78C-30(a).

(3) Applicant transacted securities business as a securities dealer into or from North

Carolina in violation of N.C.G.S. §78A-36. Individual securities salesmen associated with Applicant transacted securities business as securities salesmen into or from North Carolina in violation of N.C.G.S. §78A-36.

(4) BCG transacted business into or from North Carolina as an investment adviser covered under federal law in violation of N.C.G.S. §78C-17(a1) from 18 November 2010 to 18 April 2012.

(5) Applicant employed or utilized, or both, associated securities salesmen who effected or attempted to effect purchases or sales of securities into or from North Carolina while such associated securities salesmen were not registered as securities salesmen with the Division in violation of N.C.G.S. §78A-36.

(6) Applicant acted in violation of N.C.G.S. §78A-39(a1)(2)(a).

(7) Applicant is subject to disqualification from registration with the Division as a securities dealer under restriction or limitation pursuant to N.C.G.S. §78A-39(a).

(8) It is necessary and appropriate for the protection of the public interest that the registration as securities dealer with the Division and any renewal or transfer to a successor dealer be restricted or limited.

**NOW, THEREFORE**, the Administrator, acting through her duly appointed Deputy Securities Administrator, pursuant to and under all authority granted by the North Carolina Securities Act, upon the Findings of Fact and Conclusions of Law does hereby enter the following Final Order:

### **ORDER**

**IT IS HEREBY ORDERED** that the application of Applicant, BCG Securities, Inc., for registration as a securities dealer with the North Carolina Securities Division be **GRANTED**,



subject to the restrictions and limitations set forth in this Final Order:

### **Cease and Desist**

(1) Applicant shall cease and desist from transacting securities business into or from North Carolina as a securities dealer, while ensuring that its associated securities salesmen also cease and desist from transacting business into or from North Carolina as securities salesmen, in violation of the Securities Act, unless Applicant, and its associated securities salesmen, have registered with the Division pursuant to the Securities Act;

(2) Applicant shall cease and desist from employing or utilizing, or both, associated securities salesmen who effect or attempt to effect purchases or sales of securities into or from North Carolina while such associated securities salesmen are not registered as securities salesmen with the Division pursuant to the Securities Act;

(3) BCG Securities, Inc. shall cease and desist from violating N.C.G.S. §78A-39(a1)(2)(a) and N.C.G.S. §78C-17(a1);

(4) BCG Securities, Inc. shall cease and desist, while ensuring that its employees or associated persons also cease and desist, from committing or causing any violation, or future violation, of any statute, rule, or regulation promulgated under the Securities Act or Investment Advisers Act;

### **Costs of Investigations**

(5) It is in the public interest of the citizens of North Carolina, for the protection of investors, and consistent with the purposes of the Securities Act and Investment Advisers Act, that payment for costs of investigations in the amount of thirteen thousand five hundred dollars (\$13,500) be imposed on Applicant;

(6) BCG Securities, Inc. shall not, collectively or individually, seek or accept, directly or

indirectly, any Federal or State tax deduction or benefit with regard to any or all of the amounts payable pursuant to this Final Order;

#### **Further Restrictions and Limitations**

(7) Applicant shall submit to the CRD a Form U-4 for all of its associated securities salesmen to be registered as securities salesmen with the Division no later than ten business days after the date of this Final Order;

(8) Applicant shall immediately establish and maintain a trade monitoring system that prevents any person from entering client orders that originate from jurisdictions where the person accepting the order is not appropriately registered;

(9) Applicant shall file with the Division, within sixty days of the date of this Final Order, a report describing Applicant's improvements in its ability to monitor the identity and registration status of each person who accepts a client order entered on Applicant's trading system;

(10) BCG Securities, Inc. shall, upon request by the Administrator, provide all documentation and information reasonably necessary for the Administrator to verify compliance with this Final Order;

(11) This Final Order does not resolve issues of compliance with the Securities Act, the Investment Advisers Act, or both, concerning matters not specifically described in this Final Order;

(12) BCG Securities, Inc. shall not take any action, or make or permit to be made any public statement, denying, directly or indirectly, any finding in this Final Order or creating the impression that this Final Order is without factual basis;

(13) BCG Securities, Inc. shall cooperate fully and promptly with the Administrator and

shall ensure that all of the current (and make all reasonable efforts to cause the former) officers, directors, trustees, agents, members, partners, and employees of Applicant or BCG (and of any of Applicant's or BCG's parent companies, subsidiaries or affiliates) cooperate fully and promptly with the Administrator in any pending or subsequently initiated investigation, litigation, or other proceeding relating to the subject matter of, and compliance with, this Final Order;

(14) For two years following the date of the Final Order, Applicant shall report, separate from its responsibilities in connection with the CRD, to the Administrator via mail directed to Allan C.J. Russ, North Carolina Secretary of State, Securities Division, P.O. Box 29622, Raleigh, North Carolina, 27626, no later than seven business days from the date Applicant discovered or should have discovered with reasonable inquiry any material violation of the Securities Act; and

(15) For two years following the date of this Final Order, Applicant shall provide to the Administrator a written report via mail directed to Allan C.J. Russ, North Carolina Secretary of State, Securities Division, P.O. Box 29622, Raleigh, North Carolina, 27626, summarizing all complaints, if any, from a North Carolina customer, whether written or oral, no later than ten business days from the date of Applicant's receipt of the complaint.




WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the

Secretary of State, this the 9th day of May 2012.

Time of entry: 3: 17 P.M.



ELAINE F. MARSHALL  
STATE OF NORTH CAROLINA  
DEPARTMENT OF THE SECRETARY OF STATE  
Secretary of State and Securities Administrator, —

By:   
DAVID S. MASSEY  
DEPUTY SECURITIES ADMINISTRATOR

**CONSENT TO ENTRY OF FINAL ORDER BY BCG SECURITIES, INC.**

BCG SECURITIES, INC., as a securities dealer and as an investment adviser covered under federal law, hereby acknowledges that: a representative has read the foregoing Final Order and that it and the representative know and fully understand the contents hereof; it voluntarily consents to the entry of this Final Order without any force or duress, expressly waiving any right to a hearing, judicial review or other procedures in this matter; and it understands that this Final Order is a public record document; and, it further understands that the State of North Carolina, Department of the Secretary of State, is permitted to disseminate information concerning this Final Order contained within this and all public records.

AGREED TO:

I, Adam Payton, represent that I hold the title of President of BCG SECURITIES, INC. and that, as such, have been authorized by BCG SECURITIES, INC. to enter into this Order for and on behalf of BCG SECURITIES, INC.

Dated this 8 day of May, 2012.

By: 

Title: President