

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION**

IN THE MATTER OF:

Legend Securities Inc.
CRD # 44952 &
Steven Meyer, CRD #4798400

)
) ORDER OF SUMMARY SUSPENSION
) ORDER TO SHOW CAUSE
)
) INV15-00019
)

NOTICE OF ORDER

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:26-a.

LEGAL AUTHORITY AND JURISDICTION

Pursuant to RSA 421-B:10, I(a) and (b)(2), the Secretary of State has the authority to deny, suspend, or revoke any license or application if he finds that it is in the public interest and that the applicant or licensee has willfully failed to comply with the provisions of RSA 421-B, the Securities Act of 1933, the Securities Exchange Act of 1934, or any rule under any such statutes.

Pursuant to RSA 421-B:10, III, the Secretary of State may issue an order requiring any person to whom a license has been granted to show cause why the license should not be revoked. Further, the Secretary of State may by order summarily suspend or postpone any license, pending final determination of any order to show cause provided he finds that the public interest would be irreparably harmed by delay in issuing such order.

Pursuant to RSA 421-B:26,III any person who, either knowingly or negligently, violates any provision of RSA 421-B may, upon hearing, and in addition to any other penalty provided for by law, be subject to: suspension, revocation or denial of any registration or license, or an administrative fine not to exceed \$2,500, or both . Each act shall constitute a separate violation.

NOTICE OF RIGHT TO REQUEST A HEARING

The above named respondents have the right to request a hearing on this Order of Summary Suspension and Order to Show Cause, as well as the right to be represented by counsel. Any such request for a hearing shall be in writing, signed by the respondents or by the duly authorized agent of the above named respondents, and shall be delivered either by hand or certified mail, return receipt requested, to the Bureau of Securities Regulation, Department of State, 25 Capitol Street, Concord, New Hampshire 03301.

Under the provisions of RSA 421-B:10, III, if respondents fail to request a hearing on the show cause order within 30 calendar days of receipt of this order, respondents shall be deemed in default, and the penalties requested will be imposed by default.

Upon request for a hearing being received by the Bureau of Securities Regulation, in the manner and form indicated above, a hearing shall be held not later than ten days after such request is received by the Bureau, after which hearing, and within 20 days of the date of the hearing, the Secretary of State, or such other person authorized by statute, shall issue a further order vacating or modifying this order, or making it permanent, as the circumstances require.

STATEMENT OF ALLEGATIONS

The allegations contained in the Staff Petition for Relief dated November 30, 2016 (a copy of which is attached hereto) are incorporated by reference hereto.

ORDER

WHEREAS, finding it necessary and appropriate and in the public interest, and for the protection of investors and consistent with the intent and purposes of the New Hampshire securities laws, and

WHEREAS, finding that the public interest would be irreparably harmed by delay in issuing an order of suspension, and

WHEREAS, finding that the allegations contained in the Staff Petition, if proved true and correct, form the legal basis of the relief requested,

It is hereby ORDERED, that:

1. Respondent's N.H. broker-dealer licenses are hereby suspended effective the date of this order.
2. Respondents are ordered to show cause why its broker-dealer licenses should not be revoked.
3. Respondents shall jointly and severally pay administrative penalties of \$100,000 for violations of RSA 421-B:3-a, RSA 421-B:8 and RSA 421-B:10
4. Respondents shall jointly and severally pay the costs of the Bureau's investigation in the amount of \$10,000.
5. Respondent's shall pay restitution to Investors #1, 2 and 3 in the amount of \$57,950.74, or other amount as determined by the presiding Hearings Officer.

Failure to request a hearing within 30 days of the date of receipt of this Order shall result in a default judgment being rendered, and administrative penalties being imposed upon the defaulting Respondents.

SIGNED,
WILLIAM M. GARDNER
SECRETARY OF STATE
BY HIS DESIGNEE:

Date: 12-9-16

A handwritten signature in black ink, appearing to read "Barry J. Glennon", written over a horizontal line.

BARRY J. GLENNON
DIRECTOR OF SECURITIES

STATE OF NEW HAMPSHIRE
BUREAU OF SECURITIES REGULATION
DEPARTMENT OF STATE
25 CAPITOL STREET
CONCORD, NH 03301

STAFF PETITION FOR RELIEF
IN THE MATTER OF:

LEGEND SECURITIES INC. CRD#44952
STEVEN MEYER CRD#4798400

INV15-00019

STATEMENT OF ALLEGATIONS

I. The staff of the Bureau of Securities Regulation, Department of State, State of New Hampshire (hereinafter referred to as the "Bureau") alleges the following issues of fact:

1. Legend Securities Inc. (herein after referred to as "LSI"), is a broker-dealer firm with an address on record with the Bureau of 45 Broadway, 32nd Floor, NY, NY 10006. LSI has been licensed as a broker-dealer firm in the State of New Hampshire since October 25th, 2011. LSI is engaged in the business of buying and selling securities for the accounts of others. LSI is registered with the Securities and Exchange Commission ("SEC"), is a member of the Financial Industry Regulatory Association ("FINRA"), and many of its broker-dealer records are kept on the FINRA's Central Registry Depository system ("CRD"). LSI's CRD number is 44952 and SEC number is 8-50886. Steven J. Meyer (hereinafter referred to as "Meyer") was employed as a registered representative of LSI from January 20th, 2011 to October 6th, 2016. Meyer has a CRD number of 4798400. Meyer has since moved to another broker-dealer.
2. This enforcement action concerns LSI's sales practices in three New Hampshire accounts in the time period from September 2013 to January 2016. Meyer maintained total controlled over the accounts and in all three accounts the pattern is the same. The customer received a cold call from Meyer based on a lead list, the customer is talked into speculative stock trades that were selected by Meyer through the use of high pressure sales tactics, the account is rapidly and excessively traded and extensive losses result. Confirmations were mismarked to the customer to give the appearance that the customer was making recommendations when in actuality Meyer made the recommendations.
3. Investor #1 is from Rindge, New Hampshire. Investor #1 was cold called by Meyer in or about October 2014. The call was made to Investor #1's cell phone which was listed on the National Do-Not-Call registry as a do-not-call number. Investor #1 opened an account with the first call

from Meyer after Meyer solicited Investor #1 to trade in stocks picked by Meyer. Meyer asked Investor #1 to make a small investment at first to see how it did and then invest more money. Investor #1 told the Bureau that it was always Meyer that made the buy or sell decision and recommendation. Meyer called repeatedly and used high pressure sales tactics. Meyer would say that Investor #1 needed to buy today or he would miss the upswing in the stock. Meyer would also say that he was confident that Investor #1 would make money. Investor #1's application was taken over the phone and sent to him by mail to sign. Investor #1 was described as a speculative investor on the application, but in actuality he is unsophisticated with little investing experience. When Investor #1 went to close his account after sustaining losses, he repeatedly called to close the account and LSI would not close it for months following his request. Investor #1 traded the account until August 2015. Investor #1 lost about fifteen thousand nine hundred fifty dollars and seventy-four cents (\$15,950.74). Investor #1's account was rapidly and excessively traded resulting in losses. Investor #1 bought the following stocks on the recommendation and solicitation of Meyer, however, the trade confirmations were marked unsolicited for transactions including Cytrx, Depomed Inc., Opko Health Inc., Planar Systems Inc. and Mobileye.

4. Investor #2 is from Greenville, New Hampshire. Investor #2 was called by Meyer in about March of 2015. Meyer gave the same pitch to Investor #2 as he gave to Investor #1. He solicited Investor #2 to start with a small amount of money and then put in more money if things looked good. Investor #2 didn't invest right away, but said he wanted to think about it. Meyer kept calling Investor #2. As with Investor #1 Meyer used high pressure sales tactics to get Investor #2 to invest. He told Investor #2 that Opko stock would go up. Meyer said now is the time to get in. Meyer said that Cytrx stock would definitely go up. He also stated that losses could be minimized with a stop loss. Investor #2's application was completed over the phone and sent to him by mail to sign. Investor #2 was described as a speculative investor on the application, but he is unsophisticated with little investing experience. Investor #2 traded the account until about January 2016. Meyer kept asking him to invest more money. Investor #2's account was rapidly and excessively traded resulting in losses. Investor #2 lost about twelve thousand dollars (\$12,000.00). Meyers recommended all the stocks Investor #2 invested in yet many of the confirmations are marked unsolicited for transactions including Mobileye, Ani Pharmaceuticals Inc., Natural Health Trends, Tucows and Vasco.
5. Investor #3 is from Exeter, New Hampshire. He had no experience trading stock when he was cold called by Meyer and asked to invest in about March 2015. Meyer used the same pressure sales tactics on Investor #3 as he did with Investors # 1 and #2. He said to Investor #3 that he could prove he could make him money. Investor #3 said he would like to think about it and Meyer called him back after a day or two. Investor #3's application information was taken over the phone and he was described as a speculative investor on the application sent to him by mail for signature. Investor #3 is not a sophisticated investor and has no investing experience. Meyers would state to Investor #3 that he thought a certain stock would go up. Investor #3 said to the Bureau that he did not know that Meyer would rapidly trade stocks. Meyer asked him to put more money in. Investor #3 stated his losses where around thirty thousand dollars

(30,000.00). In July 2015, Investor #3 sent LSI a letter telling them to close his account and the account was not closed after repeated requests. On 5/26/2016, the Bureau notified LSI about Investor #3's letter to close the account and sent LSI a copy of it and asked LSI to confirm closure of the account. LSI did not respond to the Bureau's request. See Exhibit 1. Investor #3's account was rapidly and excessively traded resulting in losses. Meyer made all the stock recommendations yet some confirmations are marked unsolicited for transactions including Twitter, Travelcenters of America, Spherix Inc., Cell Therapeutics Inc. Opko Health Inc., Cytrx, Inovio Pharmaceuticals Corp., Pilgrims Pride, NQ Mobile Inc., Plug Power and NQ Mobile.

THE LAW

1. LSI and Meyer are persons within the meaning of RSA 421-B:2,XVI.
2. LSI is a broker-dealer within the meaning of RSA 421-B:2,III.
3. Meyer was a registered person associated with a broker-dealer within the meaning of RSA 421-B:2,II.
4. Pursuant to RSA 421-B:8,X, persons licensed under RSA 421-B to conduct securities business shall abide by the rules of the Securities and Exchange Commission, National Association of Securities Dealers ("NASD"), national and regional stock exchanges, and other self-regulating organizations which have jurisdiction over the licensee, which set forth standards of conduct in the securities industry. LSI and Meyer are subject to this section for failing to abide by FINRA Rules 2111 Suitability, 3110 Supervision, 3230 Telemarketing and 2232 Customer Confirmations.
5. RSA 421-B:10,I(a) and (b)(2) allows the secretary of state to deny, suspend, or revoke any license or application if he finds that it is in the public interest and that the applicant or licensee has willfully violated or failed to comply with any provision of RSA 421-B, or the Securities Act of 1933, the Securities Exchange Act of 1934, or any rule under any of such statutes. Meyer and LSI are subject to this provision for failing to abide by FINRA Rules and RSA 421-B, regarding unsuitable recommendations to customers, rapid and excessive trading, failing to supervise, distributing false confirmations, acting dishonestly and unethically, and violating telemarketing restrictions.
6. Pursuant to RSA 421-B:10,I(a) and (b)(7), the secretary of state may by order deny, suspend, or revoke any license or application if he finds that it is in the public interest and that the applicant or licensee has engaged in dishonest or unethical practice in the securities business. LSI and Meyer acted dishonestly and unethically in engaging in excessive, rapid,

and unsuitable trading, distributing false confirmations, calling a do-not-call number and failing to close customer accounts upon request and in a timely fashion.

7. Pursuant to RSA 421-B:10,I(a) and (b)(10), the secretary of state may by order deny, suspend, or revoke any license or application if he finds that it is in the public interest and that the applicant or licensee has failed to reasonably supervise its agents. LSI violated this section.
8. Pursuant to FINRA Rule 3110, each member shall establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. Final responsibility for proper supervision shall rest with the member. LSI has failed to comply with this rule.
9. Pursuant to RSA 421-B;10,I(a) and (b)(14), the secretary of state may by order deny, suspend, or revoke any license or application if he finds that it is in the public interest and for other good cause shown. LSI and Meyer are subject to this section.
10. RSA 421-B:10,III provides that the Secretary of State may issue an order requiring the person to whom any license has been granted to show cause why the license should not be revoked. Further, the Secretary of State may by order summarily suspend or postpone any license pending final determination of any order to show cause provided he finds that the public interest would be irreparably harmed by delay in issuing such order.
11. Pursuant to RSA 421-B:10,VI, in lieu of, or in addition to, any such order to suspend or revoke any license or application, the secretary of state may, upon hearing, assess an administrative fine of not more than \$2,500 per violation.
12. Pursuant to RSA 421-B:23, whenever it appears to the secretary of state that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule under this chapter, he shall have the power to issue and cause to be served upon such person an order requiring the person to cease and desist from violations of this chapter. Meyer and LSI are subject to this section for violations of RSA 421-B:10 and 421-B:8.
13. Pursuant to RSA 421-B:26,III, any person who, either knowingly or negligently, violates any provisions of this chapter may, upon hearing, and in addition to any other penalty provided for by law, be subject to such suspension, revocation or denial of any registration or license, or an administrative fine not to exceed \$2,500, or both. Each of the acts specified shall constitute a separate violation. Meyer and LSI are subject to a fine as to each investment made and for violations of RSA 421-B:10 and 421-B:8.
14. Pursuant to RSA 421-B:26,III-a, every person who directly or indirectly controls a person liable under 421-B:26,III, may upon hearing, and in addition to any other penalty

provided for by law, upon hearing, be subject to a fine and such suspension, revocation, or denial of any registration or license. Meyer and LSI are subject to this section.

15. Pursuant to RSA 421-B:26, V the Bureau can order restitution for violations of 421-B.
16. FINRA Rule 2111 states that a FINRA 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. LSI and Meyer failed to comply with this rule.
17. Pursuant to RSA 421-B:3-a, in recommending to a customer the purchase, sale, or exchange of a security, a broker-dealer or broker-dealer agent must have reasonable grounds for believing that the recommendation is suitable for the customer upon the basis of the facts, if any, disclosed by the customer after reasonable inquiry as to his or her other securities holdings and as to his or her financial situation and needs. Meyer and LSI have violated this section.
18. Pursuant to FINRA Rule 2232, a member shall, at or before the completion of any transaction in any security effected for or with an account of a customer, give or send to such customer written notification ("confirmation") in conformity with the requirement of SEA Rule 10b-10. In the transactions identified above, LSI failed to disclose and falsely reported numerous transactions as unsolicited when they were in fact solicited.
19. Pursuant to FINRA Rule 3230, no member or person associated with a member shall initiate any outbound telephone call to any person who has registered his or her telephone number on the Federal Trade Commission national do-not-call registry. LSI and Meyer violated this rule.
20. Pursuant to RSA 421-B:22, Respondents can be ordered to pay the costs of this investigation.

RELIEF REQUESTED

The staff of the Bureau of Securities Regulation requests the Director take the following action:

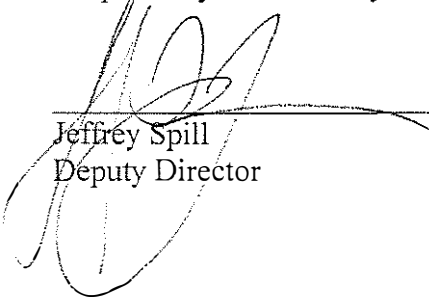
1. Find as fact the allegations contained in section I of the Statement of Allegations of this petition.

2. Make conclusions of law as stated in section II relative to the allegations contained in section I of this petition.
3. Issue an order to show cause why the broker-dealer and broker-dealer agent license of LSI and Meyer and application privileges should not be revoked, suspended, or denied, in accordance with RSA 421-B:8, 421-B:10, 421-B:26,III, and 421-B:26,III-a.
4. Order Respondent LSI and Meyer to pay jointly and severally administrative penalties of \$100,000 for violations of RSA 421-B:3-a, RSA 421-B:8, and 421-B:10.
5. Order the Respondents to pay the costs of this investigation in the amount of \$10,000.
6. Order Respondents to pay restitution to Investors #1, 2 and 3. The amount is approximately \$57,950.74.
7. Summarily suspend or revoke the licenses of LSI and Meyer pursuant to RSA 421-B:10, III if deemed appropriate.
8. Take such other actions as necessary for the protection of New Hampshire investors and enforcement of the Act.

RIGHT TO AMEND

The Bureau's Staff reserves the right to amend this Petition for Relief and to request that the Director of Securities take additional administrative action. Nothing herein shall preclude the Staff from bringing additional enforcement action under this NH RSA 421-B or the regulations thereunder.

Respectfully submitted by:



Jeffrey Spill
Deputy Director

November 30th, 2016

Jeff Spill

From: Jeff Spill
Sent: Thursday, May 26, 2016 10:26 AM
To: 'Mallory Root'
Cc: 'Nicole Maggio'
Subject: FW: Attached image data
Attachments: Scan7200.pdf

Hello

Please see the attached letter and have someone at Legend confirm to me the status of this account and whether the balance in the account was returned.

Thank you.

Jeffrey Spill

From: SecuritiesCopier@sos.nh.gov [mailto:SecuritiesCopier@sos.nh.gov]
Sent: Thursday, May 26, 2016 10:29 AM
To: Jeff Spill
Subject: Attached image data

July 10, 2015

RE: Account Number M804 – Kenneth Poole.

I am sending you written notification to close my above named account as of today, Friday July 10, 2015 and have all funds returned directly to me IMMEDIATELY.

Please be sure this account is closed TODAY.

Kenneth Poole

35 Commercial Drive Unit 1

Brentwood, NH 03833

Jeff Spill

From: Microsoft Outlook
To: 'Mallory Root'; 'Nicole Maggio'
Sent: Thursday, May 26, 2016 10:26 AM
Subject: Relayed: FW: Attached image data

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

'Mallory Root' (mroot@LEGENDSECURITIES.COM)

'Nicole Maggio' (nmaggio@LEGENDSECURITIES.COM)

Subject: FW: Attached image data