

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

IN THE MATTER OF:

Jonathan Sheklow
Respondent

)
)
) ORDER TO CEASE AND DESIST
) ORDER TO SHOW CAUSE
) COM13-00023
)

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:23, the Secretary of State has the authority to issue and cause to be served an order requiring any person appearing to him to be engaged or about to be engaged in any act or practice constituting a violation of RSA 421-B or any rule or order thereunder, to cease and desist from violations of RSA 421-B.

Pursuant to RSA 421-B:24, I, any person who willfully violates a cease and desist order issued pursuant to RSA 421-B:23 shall be guilty of a class B felony.

Pursuant to RSA 421-B:10, the secretary of state may by order deny, suspend, or revoke any license if he finds that the order is in the public interest, and that the broker-dealer, any partner, officer or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer, has willfully violated

or failed to comply with any provision of this title or a predecessor law, has engaged in dishonest or unethical practice in the securities business, or for good cause show.

Pursuant to RSA 421-B:26, the Secretary of State has the authority to impose administrative penalties of up to \$2,500.00 for each violation of New Hampshire securities law and rules.

NOTICE OF RIGHT TO REQUEST A HEARING

The above named respondent has the right to request a hearing on this order to cease and desist, as well as the right to be represented by counsel. Any such request for a hearing shall be in writing, shall be 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:23, I, if respondent fails to request a hearing on this order within 30 calendar days of receipt of this order, respondent shall be deemed in default, and this order to cease and desist shall, on the thirty-first day, become permanent.

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, 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 June 26, 2015 (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 allegations contained in the Staff Petition, if proved true and correct, form the legal basis of the relief requested, therefore:

It is hereby **ORDERED**, that:

1. Respondent is hereby ordered to immediately cease and desist from the above indicated acts and from in any other way violating RSA 421-B..
2. Respondent shall show cause why its broker-dealer agent license should not be suspended or revoked.
3. Respondent shall pay restitution to those investor's as set forth in the Bureau's Staff Petition for Relief in the amount of \$7,123.00.
4. Respondent shall pay administrative fines and penalties in the amount of \$50,000.
5. Respondent shall pay the Bureau of Securities its costs of investigation and enforcement in the amount of \$50,000.

6. 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 Respondent.

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

Dated: 6.13.15


BARRY J. GLENNON, DIRECTOR,
BUREAU OF SECURITIES REGULATION

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

STAFF PETITION FOR RELIEF)
IN THE MATTER OF:)
)
)
Jonathan Sheklow)
)
(Respondent))
)

Case No. COM13-00023

STATEMENTS OF FACT

- I. The State of New Hampshire, Department of State, Bureau of Securities Regulation (hereinafter referred to as “the Bureau”), hereby petitions the Director, and makes the following statements of fact:
1. HFP Capital Markets, LLC (hereinafter “HFP”) was a broker-dealer firm formally located at 386 Park Avenue South, 8th Floor, New York, New York 10016. HFP’s CRD number is 44351 and their SEC number is 8-50652. Jonathan Sheklow, (hereinafter “JS”) CRD number 4906207 was a broker-dealer agent of HFP from February 26th, 2009 to October 17th, 2013. JS was licensed by the State of New Hampshire as a broker-dealer agent for HFP from February 26th, 2009 to October 18th, 2013. HFP is no longer in business.
 2. Investor #1 is a resident of the State of New Hampshire and resides in Windham, New Hampshire. Investor #1 was a client of JS in January 2013 through October 2013. Over the course of their relationship JS would call Investor #1 with various solicitations for Investor #1 to buy corporate bonds that JS told Investor #1 were safe and in companies touted by JS as good companies. In reality, the bonds were rated by Moody’s and S&P as speculative and high risk corporate bonds. Investor #1 was solicited to buy and bought bonds in Harrah’s Operations Inc. Senior Note due 2/1/2016 on 2/7/2013 rated as CAA3 and S&P rated CCC, Advanced Micro Devices Inc. Senior Note due 8/1/20/20 on 4/16/2013 rated by Moody’s as B2 and S&P rated B, and Radiation Therapy Services Inc. Senior Note due 4/15/2017 on 8/13/2013 rated by Moody’s as CAA2 and S&P rated CCC+ .

3. The bond ratings indicate that the bonds were speculative, have high risk of non-payment and not of prime quality. Investor #1 describes himself as a moderate investor. The bonds sold in Investor #1's account were also not registered or exempt from registration in the State of New Hampshire.
4. JS had supervisory responsibility over the trading, as upon information and belief he was an account team leader, and he failed in that supervisory responsibility by allowing Investor #1 to trade in the unsuitable and unregistered and non-exempt bonds. He also failed in that responsibility by not properly representing the risks of the bonds and that they were speculative and in high risk of default.
5. Even after JS left HFP on or about October 18th, 2013, Investor #1 was targeted and sold more speculative and high credit risk bonds by HFP agents. Investor #1 bought JP Morgan Chase & Co Senior Perpetual Note Due 8/1/2049 on 10/22/2013 rated by Moody's as BA1, and Momentive Performance Materials Senior Note due 12/1/2016 on 10/22/2013 rated by Moody's as CAA3 and S&P as CC.
6. As a result of this high risk and speculative trading, Investor #1 suffered losses in the approximate amount of seven thousand one hundred and twenty-three dollars (\$7,123).

STATEMENTS OF LAW

- II. The Bureau hereby petitions the Director and makes the following statements of law under the New Hampshire Revised Statutes Annotated, RSA 421-B, and regulations thereunder (hereinafter referred to as the Act):
 1. JS is a "Person" and "broker-dealer agent" within the meaning of RSA 421-B:2.
 2. RSA 421-B:3 makes it unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly to employ any device, scheme, or artifice to defraud, 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, and to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person. Respondent is in violation of this provision for touting to investor #1 primarily the sale of unregistered and high risk corporate bonds as safe and from good companies, when in fact they were speculative and in a high risk of default and non-payment which was a scheme to deceive and operated as a fraud or deceit on Investor #1.
 3. 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 security holdings and as to his or her financial situation and needs. Respondent

violated this section for touting the sale of unregistered and primarily high risk corporate bonds with the high risk of default to Investor #1.

4. Pursuant to RSA 421-B:10, the secretary of state may by order deny, suspend, or revoke any license if he finds that the order is in the public interest, and that the broker-dealer, any partner, officer or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer, has willfully violated or failed to comply with any provision of this title or a predecessor law, has engaged in dishonest or unethical practice in the securities business, or for good cause shown. Respondent violated these requirements.
5. Pursuant to RSA 421-B:11, the bonds listed above were not registered, or exempt from registration in the State of New Hampshire. The burden of proof regarding any exemption, preemption or exception is on the Respondent and he has not presented any satisfactory exemption or preemption for these sales.
6. 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. Respondent is subject to this section.
7. 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. Respondent is subject to this section.
8. Pursuant to RSA 421-B:26,V, after notice and hearing, the secretary of state may enter an order of rescission, restitution, or disgorgement directed to a person who has violated RSA 421-B. Respondent is subject to this section.
9. Pursuant to RSA 421-B:26,VI, the secretary of state may order any person who violates RSA 421-B:3 upon hearing, and in addition to any other penalty provided by law, to make a written offer to the purchaser of the security to repurchase the security for cash, payable on delivery of the security, equal to the consideration paid for the security together with interest at the legal rate, less the amount of any income received by the purchaser on the security, or if the purchaser no longer owns the security, an offer to pay an amount in cash equal to consideration paid for the security together with any interest at the legal rate, less any amount the purchaser received on disposition of the security and less the amount of any income received by the purchaser on the security. Respondent is subject to this section.


RELIEF REQUESTED

- III. The Bureau makes the following requests for relief in the above-referenced matter as permitted under the Act.
1. Find as fact the allegations contained in section I of the Statements of Fact.
 2. Make conclusions of law relative to the allegations contained in section II of the Statements of Law.
 3. Pursuant to RSA 421-B:23, issue an Order to Cease and Desist against JS for violations under the Act.
 4. Assess administrative fines and penalties of \$2,500 per violation totaling \$50,000, against JS, as permitted under RSA 421-B:3, RSA 421-B:3-a, RSA 421-B:10, RSA 421-B:11, RSA 421-B:26,III.
 5. Pursuant to RSA 421-B:26,III and RSA 421-B:10, issue an order to show cause why the broker-dealer agents licenses should not be suspended or revoked.
 6. Pursuant to RSA 421-B:V and RSA 421-B:26,VI enter an order for restitution in the amount of \$7,123.00 or rescission.
 7. Pay costs to the Bureau in the amount of \$50,000.
 8. Take any other just and equitable relief as permitted under the Act such as rescission, restitution, or disgorgement.

RIGHT TO AMEND

The Bureau's staff reserves the right to amend this Petition for Relief and requests that the Director of Securities Regulation take further enforcement action.

Respectfully submitted by:



Jeffrey D. Spill
Deputy Director



Date