STATE OF NEW JERSEY
BUREAU OF SECURITIES
153 Halsey Street
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IN THE MATTER OF Anthony J. Cantone (CRD # 1066139), and Christine L. Cantone (CRD # 2687618).	:	**SUMMARY REVOCATION ORDER**

Pursuant to the authority granted to Laura H. Posner, the Chief of the New Jersey Bureau of Securities ("Bureau Chief"), under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. ("Securities Law") and certain regulations, and based on a review of the facts, including documents, testimony and information obtained during the investigation by the New Jersey Bureau of Securities ("Bureau"), the Bureau Chief hereby finds that there is good cause and it is in the public interest to enter this Summary Revocation Order against Anthony J. Cantone and Christine L. Cantone, and makes the following findings:

FINDINGS OF FACT

A. Background

Respondents

1. Respondent Anthony J. Cantone ("A.Cantone"), CRD No. 1066139, residing in Thompson, Pennsylvania, is President and Chief Executive Officer of Cantone Research, Inc. ("CRI"), CRD No. 26314 and the Managing Member of Cantone Office Center LLC ("COC"). A.Cantone has an over 75% ownership interest in CRI. He also has a 51% ownership interest in

COC. A.Cantone is registered with the Bureau as an agent and investment adviser representative of CRI.

2. Respondent Christine L. Cantone ("C.Cantone"), CRD No. 2687618, is A.Cantone's wife and also resides in Thompson, Pennsylvania. C.Cantone has a 49% ownership interest in COC and is Vice President and, at all relevant times was, Chief Compliance Officer and Financial and Operations Principal ("FINOP") at CRI. C.Cantone is registered with the Bureau as an agent of CRI. At all relevant times, C.Cantone was responsible for CRI's compliance with the Securities Law and regulations as well as ensuring compliance by the agents affiliated with CRI, including A.Cantone to whom she reported.

Non-Parties

3. Cantone Research, Inc. ("CRI"), CRD No. 26314, with a principal place of business in Tinton Falls, New Jersey, has been registered with the Bureau as a broker-dealer since 1990.

4. Cantone Office Center LLC ("COC") was formed in 1998 as a New Jersey limited liability company. As discussed below, COC issued certificates of participation in subordinated promissory notes that it purchased.

5. Esplanade Development LLC ("Esplanade Developer") is a Florida limited liability company whose "majority member" is Robert A. Crowder ("Crowder"). Esplanade Developer was formed on September 20, 2005 for the purpose of developing a condominium complex, the Esplanade at Millennia Condominiums ("Esplanade Condo Complex"), located at 5337 Esplanade Park Circle, Orlando, Florida.

6. Esplanade at Millennia LLC ("Esplanade Owner") is a Florida limited liability company whose "sole member" is Crowder. Esplanade Owner was formed on September 20, 2005 for the purpose of owning the Esplanade Condo Complex.

7. Maxwell B. Smith, III ("Smith"), CRD NO. 600012, was registered with the Bureau as an agent with various firms from July 1974 through April 2009. Smith was registered with the Bureau as an agent of CRI from January 7, 2005 until his termination by CRI on April 3, 2009 (as discussed in more detail below at ¶¶ 59-89).

B. <u>Relevant Concurrent and Historical Proceedings</u>

8. Contemporaneous with the issuance of this Summary Revocation Order:

a. the Bureau filed a Complaint in the Superior Court of New Jersey seeking a judgment for full restitution for the harmed investors from the Respondents, CRI and COC, and the assessment of civil monetary penalties for Respondents', CRI's and COC's violations of the registration and antifraud provisions of the Securities Law; and

b. Financial Industry Regulatory Authority ("FINRA") filed a Complaint charging CRI and A.Cantone with fraud in connection with the sales and subsequent extensions of more than $8 million of certificates of participation in five promissory notes, and charging C.Cantone with failing to supervise A.Cantone.

9. In February 2012, C.Cantone entered into an Offer of Settlement with FINRA in which she was suspended for three months in any principal capacity, fined $10,000 jointly and severally with CRI, and ordered to pay $200,000 in partial restitution to customers jointly and severally with CRI. Without admitting or denying the allegations, C.Cantone and CRI consented to the described sanctions and to the entry of findings that C.Cantone failed to reasonably supervise registered CRI representative Maxwell Smith who sold fraudulent investments to firm customers and misappropriated more than $1.6 million of customers' funds while a registered representative of CRI.

C. The Unregistered Esplanade Offerings

i) The 2005 Offering

10. In 2005, Esplanade Developer was developing the Esplanade Condo Complex, a 186-unit condominium complex in three seven-story buildings on 9.3 acres of land in Orlando, Florida.

11. In 2005, COC, through A.Cantone, purchased a $2,600,000 subordinated promissory note ("2005 Note") issued by Esplanade Developer. As part of the transaction, Esplanade Developer was to repay the principal and pay 13% interest per annum to COC, "in arrears, semi-annually, on the first day of each May and November, beginning May 1, 2006, and contemporaneously with the final payment of the principal amount of the Note." The entire principal amount was due and payable on the earlier of the second anniversary date of the Note, or conveyance, by Esplanade Owner of all or substantially all of the Esplanade Owner's interest in the Esplanade Condo Complex.

12. COC then issued certificates of participation in the 2005 Note ("2005 Certificates of Participation") pursuant to a Confidential Disclosure Memorandum dated November 15, 2005 ("2005 CDM").

13. The 2005 Certificates of Participation were to mature on the earlier of: (a) November 21, 2007 or (b) the date on which there was a closing of the sale or other conveyance of the Esplanade Owner's ownership of the Esplanade Condo Complex.

14. Commencing on or about September 27, 2005 and continuing until on or about February 23, 2006, A.Cantone and CRI, through A.Cantone and other agents, sold 91 2005 Certificates of Participation to 84 investors, 22 of whom were New Jersey residents. More than 35 of these investors were non-accredited. CRI raised over $1,200,000 from these sales.

15. CRI, through A.Cantone and other agents, failed to provide at least 22 of the 84 investors with the 2005 CDM prior to their investments in the 2005 Certificates of Participation.

16. The 2005 Certificates of Participation were neither registered with Bureau, nor exempt from registration, nor federally covered securities.

17. The 2005 CDM stated that funding for the Esplanade Condo Complex would be obtained from several sources besides COC, including a Senior Loan of approximately $22,000,000 from Fremont Investment and Loan, and Mezzanine Financing of $5,100,000 from Key Bank Real Estate Capital ("Key Bank"). Fremont and Key Bank issued non-binding letters of commitment with respect to the funding.

18. In May 2006, shortly after CRI ceased selling the 2005 Certificates of Participation, Esplanade Developer defaulted on interest payments it owed to COC on the 2005 Note; Esplanade Developer defaulted again in November 2006. A.Cantone provided bridge loans to Esplanade Developer in May 2006 and November 2006 totaling $1,000,000 at 14% interest. The purpose of A.Cantone's bridge loans was to enable Esplanade Developer to use the loaned funds to make the interest payments to COC, which COC would then use to pay interest to investors in the 2005 Certificates of Participation.

ii) <u>The 2007 Offering</u>

19. In 2006, COC, through A.Cantone, and Crowder agreed that instead of Esplanade Owner borrowing the $5,100,000 mezzanine loan from Key Bank, Esplanade Developer would borrow the $5,100,000 mezzanine loan from COC.

20. In 2007, COC, through A.Cantone, purchased a $5,100,000 subordinated promissory note ("2007 Note") issued by Esplanade Developer. As part of the transaction,

Esplanade Developer was to repay the principal and pay 11% interest per annum to COC, "in arrears, semi-annually, on the first day of each May and November, beginning May 1, 2007, and contemporaneously with the final payment of the principal amount of the Note." The entire principal amount was due and payable on the earlier of the second anniversary date of the Note, or conveyance, by Esplanade Owner of all or substantially all of the Esplanade Owner's interest in the Esplanade Condo Complex.

21. COC raised the funds for the mezzanine loan by issuing certificates of participation in the 2007 Note ("2007 Certificates of Participation"). As with the 2005 Offering, the details of the investment were outlined in a Confidential Disclosure Memorandum, which was dated February 20, 2007 ("2007 CDM").

22. A.Cantone and CRI, through A.Cantone and other agents, offered and sold the 2007 Certificates of Participation to investors.

23. The 2007 Certificates of Participation were to mature on the earlier of: (a) March 1, 2009; or (b) the date on which there was a closing of the sale or other conveyance of the Esplanade Owner's ownership in the Esplanade Condo Complex.

24. Commencing on or about April 20, 2006 and continuing until or about July 25, 2007, A.Cantone and CRI, through A.Cantone and other agents, sold 170 2007 Certificates of Participation to 117 investors, 33 of whom were New Jersey residents. CRI raised over $3,500,000 from these sales. More than 35 of these investors were non-accredited. Among the purchasers of the 2007 Certificates of Participation were 31 investors who had also purchased 2005 Certificates of Participation.

25. COC, through A.Cantone, used the money raised from the sale of the 2007 Certificates of Participation to purchase a $5,100,000 subordinated promissory note ("2007

Note") issued by Esplanade Developer. As part of the transaction, Esplanade Developer was to repay the principal and pay interest to COC.

26. CRI, through A.Cantone and other agents, failed to provide at least 97 of the 117 investors with the 2007 CDM prior to their investment.

27. The 2007 Certificates of Participation were neither registered with Bureau, nor exempt from registration, nor federally covered securities.

28. On or about September 5, 2013, Respondents CRI, COC, A.Cantone and C.Cantone admitted in legal proceedings that they "failed" to register the 2005 and 2007 Certificates of Participation.

iii) <u>The 2005 and 2007 Confidential Disclosure Memoranda</u>

a) <u>Nature of Investment</u>

29. Although COC is the issuer of the 2005 and 2007 Certificates of Participation, the heading on the first page of the 2005 and 2007 CDMs refers in bold to a "**SUBORDINATED PROMISSORY NOTE Issued by ESPLANADE DEVELOPMENT LLC.**" (Emphasis in original.) Similarly, the first sentence on the first page of the 2005 and 2007 CDMs states in bold: "**The Subordinated Promissory Note ... will be issued by Esplanade Development, LLC....**" (Emphasis in original.)

30. Both CDMs contain information about the Esplanade Condominium Complex, including financing, the construction, the land, the units, competitor condominium complexes, and projected financial information. The CDMs are signed electronically by Crowder on behalf of Esplanade Developer and Esplanade Owner.

31. However, as set forth above, the 2005 and 2007 Certificates of Participation are investments in the 2005 and 2007 Notes purchased by COC; the certificates are not direct investments in the Esplanade Condo Complex.

b) Crowder's and COC's Guarantees to Investors

32. Pursuant to the 2005 and 2007 CDMs, interest on the principal amount of both the 2005 Certificates of Participation and the 2007 Certificates of Participation would be paid "in arrears," semi-annually.

33. Investors in the 2005 and 2007 Certificates of Participation had the option of purchasing Series A or Series B certificates.

34. Series B investors were to receive a higher annual interest rate than Series A investors. For the 2005 Certificates of Participation, Series A investors were to receive 10% annual interest, and Series B investors were to receive 13% annual interest. For the 2007 Certificates of Participation, Series A investors were to receive 8% annual interest, and Series B investors were to receive 11% annual interest.

35. For Series A certificates, as stated on page 2 of the 2005 and 2007 CDMs, COC would "guarantee the prompt payment, as and when due, of all principal of, and interest on, the Series A Certificates of Participation."

36. COC represented in the 2005 and 2007 CDMs that Series A certificates would be payable from: (a) payments made to COC by the Esplanade Developer pursuant to provisions of the 2005 Note and the 2007 Note, respectively; (b) payments made by Crowder pursuant to a Guaranty Agreement dated November 1, 2005 ("2005 Crowder Guaranty") and Guaranty Agreement dated March 1, 2007 ("2007 Crowder Guaranty"), respectively; and (c) payments

made by COC pursuant to its own guaranty of payment. However, investors were not given copies of the 2005 and 2007 Crowder Guaranty agreements.

37. A.Cantone testified that COC guaranteed the principal and interest on the Series A Certificates of Participation to address investor feedback about the risk of the Crowder Guaranty and to encourage them to purchase the certificates.

38. COC did not guarantee the principal or interest of the Series B certificates. According to the 2005 and 2007 CDMs, Series B certificates were supposed to be offered and sold to only accredited investors. But, CRI agents, including A.Cantone, sold Series B certificates to non-accredited investors.

39. COC represented in the 2005 and 2007 CDMs that the Series B certificates would be paid from: (a) payments made to COC by the Esplanade Developer pursuant to provisions of the 2005 and 2007 Notes, respectively; and (b) payments made by Crowder pursuant to the 2005 Crowder Guaranty and the 2007 Crowder Guaranty, respectively.

40. As set forth below, the 2005 CDM states on 15 separate occasions that the 2005 Note and the 2005 Certificates of Participation are "guaranteed" by Crowder:

> a."**Payment of the Note is Guaranteed by Robert A. Crowder, the majority member of the Developer.**" 2005 CDM at (i) (emphasis in original).
>
> b. "The Series A Certificates of Participation will be payable from (a) payments made to Note Purchaser by the Developer pursuant to the provisions of the Note, (b) payments made by Robert A. Crowder ('Crowder') pursuant to his Guaranty Agreement, dated as of November 21, 2005 (the 'Crowder Guaranty')...." Id. at (ii) and 2.
>
> c."The respective abilities of ... of Crowder to make the payments required by the Crowder Guaranty...." Id. at (ii) and 2.
>
> d."The Certificates of Participation will be payable as to principal and interest solely from the following sources: (a) Payments made by the Developer pursuant

to the Note. . . . (b) Payments made by Robert A. Crowder ('Crowder') pursuant to his Guaranty Agreement, dated as of November 1, 2005 (the 'Crowder Guaranty')." Id. at 3.

e."The Certificates of Participation will be equally and ratably secured by the following: (a) The Note; (b) The Crowder Guaranty...." Id.

f."Mr. Crowder has personally guaranteed the full payment, as and when due, of all principal of and interest on the Note." Id. at 5.

g."[T]he Note Purchaser would need to rely upon the Crowder Guaranty." Id. at 12.

h."**Value of the Crowder Guaranty**. Although Robert A. Crowder will guarantee payment of debt service on the Note...." Id. at 14 (emphasis in original).

i. "[H]is obligations under the Crowder Guaranty Agreement." Id.

41. The 2005 CDM also states that "Crowder['s] ... personal financial statement shows a net worth in excess of $30,000,000."

42. A.Cantone and CRI through A.Cantone failed to disclose in the 2005 CDM that Crowder had already defaulted on a significant loan that was larger than Esplanade, and that Crowder's creditor had taken legal action against him in connection with the default. A.Cantone admits that he knew that Crowder "was in default on a very large loan other than – a much larger loan than Esplanade."

43. The 2005 CDM also did not disclose that Crowder was in the midst of a divorce proceeding that was likely to materially and negatively affect his net worth.

44. As set forth below, the 2005 CDM also states on 11 separate occasions that the 2005 Series A certificates are "guaranteed" by COC:

a. "The Note Purchaser will guarantee the prompt payment, as when due, of all principal of, and interest on, the Series A Certificates of Participation." 2005 CDM at (i) and 2.

b. "The Series A Certificates of Participation will be payable from (a) payments made to the Note Purchaser by the Developer pursuant to the provisions of the Note, (b) payments made by Robert A. Crowder ('Crowder') pursuant to his Guaranty Agreement, dated as of November 21, 2005 (the 'Crowder Guaranty'), and (c) payments made by the Note Purchaser pursuant to its guaranty of payment thereunder." Id. at (ii) and 2.

c. "The respective abilities ... of the Note Purchaser to make the payments required by its guaranty...." Id. at (ii) and 2.

d. "The Certificates of Participation will be payable as to principal and interest solely from the following sources: ... (c) **With respect to the Series A Certificates of Participation only, and not the Series B Certificates of Participation, payments made by the Note Purchaser pursuant to its guaranty of payment of the principal of, and interest on, the Series A Certificates of Participation.**" Id. at 3 (emphasis in original).

e. "The Certificates of Participation will be equally and ratably secured by the following: ... (e) **With respect to the Series A Certificates of Participation only, and not the Series B Certificates of Participation, the Note Purchaser's guaranty of payment of the principal of, and interest on, the Series A Certificates of Participation.**" Id. at 3-4 (emphasis in original).

f. "**Value of the Note Purchaser's Guaranty**. Although the Note Purchaser will guarantee payment of all principal of, and interest on, the Series A Certificates of Participation...." Id. at 14 (emphasis in original).

g. Note Purchaser's "obligations under its guaranty." Id. at 15.

45. The 2005 CDM states under the paragraph titled "Value of the Note Purchaser's Guaranty," that the financial statements of COC showed "a total equity in excess of $1,875,000." But, COC did not disclose to investors that more Series A Certificates of Participation could be sold than the equity value of COC's guaranty.

46. The 2007 CDM similarly states that the 2007 Note and the 2007 Certificates of Participation are "guaranteed" by Crowder, and that the 2007 Series A certificates are "guaranteed" by COC. The "Crowder Guaranty" is mentioned in bold in the first paragraph on the first page of the 2007 CDM and a total of 18 times throughout the document, as follows:

a. "**Payment of the Note will be guaranteed by Robert A. Crowder, the majority member of the Developer.**" 2007 CDM at (i) (emphasis in original).

b. "The Series A Certificates of Participation will be payable from (a) payments made to the Note Purchaser by the Developer pursuant to the provisions of the Note, (b) payments made by Robert A. Crowder ('Crowder') pursuant to his Guaranty Agreement, dated as of March 1, 2007 (the 'Crowder Guaranty')...." Id. at (ii) and 2.

c. "The respective abilities ... of Crowder to make the payments required by the Crowder Guaranty...." Id. at (ii) and 2.

d. "Crowder will secure the Developer's obligations in respect of the Note, and his obligations under the Crowder Guaranty, by a Pledge Agreement, dated as of March 1, 2007 (the 'Pledge Agreement'), pursuant to which Crowder, who is the majority member of the Developer, will pledge all of his equity and interest in the Developer. The Note Purchaser will hold the Crowder Guaranty and the Pledge Agreement in trust for the equal and ratable benefit of the purchasers of the Certificates of Participation." Id. at (ii) and 2.

e. "The Certificates of Participation will be payable as to principal and interest solely from the following sources: ... (b) Payments made by Crowder pursuant to the Crowder Guaranty...." Id. at 3.

f. "The Certificates of Participation will be equally and ratably secured by the following: ... (b) The Crowder Guaranty and the Pledge agreement, which the Note Purchaser will also hold in trust for the equal and ratable benefit of the holders of the Certificates of Participation...." Id. at 4.

g. "The Crowder Guaranty and the Pledge Agreement." Id. at 7.

h."**Value of the Crowder Guaranty**. Although Robert A. Crowder will guarantee payment of debt service on the Note...." Id. at 16 (emphasis in original).

i. "[A]ll of his obligations under the Crowder Guaranty." Id.

j. "Crowder's obligations under the Crowder Guaranty[] will be secured by a pledge of all of Crowder's equity interests in the Developer." Id.

47. The 2007 CDM states that Crowder's "personal financial statement, as of August 25, 2006, shows a net worth in excess of $22,000,000."

48. The 2007 CDM did not disclose that Crowder had already defaulted on a "very large loan," or that Crowder was in the midst of a divorce proceeding that was likely to materially and negatively affect his net worth.

49. COC's guaranty is mentioned on the first two pages of the 2007 CDM and a total of 11 times throughout the document, as follows:

> a. "The Note Purchaser will guarantee the prompt payment, as and when due, of all principal of, and interest on, the Series A Certificates of Participation." 2007 CDM at (i) and 2.
>
> b. "The Series A Certificates of Participation will be payable from (a) payments made to the Note Purchaser by the Developer pursuant to the provisions of the Note, (b) Payments made by Robert A. Crowder ('Crowder') pursuant to his Guaranty Agreement, dated as of March 1, 2007 (the 'Crowder Guaranty'), and (c) Payments made by the Note Purchaser pursuant to its guaranty of payment thereunder." Id. at (ii) and 2.
>
> c. "The respective abilities of ... the Note Purchaser to make the payments required by its guaranty...." Id. at (ii) and 2.
>
> d. "The Certificates of Participation will be payable as to principal and interest solely from the following sources: ... (c) **With respect to the Series A Certificates of Participation only, and not the Series B Certificates of Participation, payments made by the Note Purchaser pursuant to its guaranty of payment of the principal of, and interest on, the Series A Certificates of Participation**." Id. at 3 (emphasis in original).
>
> e. "The Certificates of Participation will be equally and ratably secured by the following: ... (c) **With respect to the Series A Certificates of Participation only, and not the Series B Certificates of Participation, the Note Purchaser's guaranty of payment of the principal of, and interest on, the Series A Certificates of Participation.**" Id. at 4 (emphasis in original).
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> f. "**Value of the Note Purchaser's Guaranty**. Although the Note Purchaser will guarantee payment of all principal of, and interest on, the Series A Certificates of Participation...." Id. at 15 (emphasis in original).
>
> g. Note Purchaser's "obligations under its guaranty." Id.

50. The 2007 CDM failed to disclose that A.Cantone's bridge loans were used to pay interest to the 2005 CDM investors.

51. A.Cantone and COC, through A.Cantone, knew but did not disclose that, if called upon, COC lacked the assets necessary to satisfy COC's guarantees to all 2005 Series A and 2007 Series A investors. The 2007 CDM states that "as of March 31, 2006," COC's financial statement shows "total equity in excess of $2,100,000." But COC did not disclose to investors that the total amount of the 2005 and 2007 Series A certificates sold impaired the value of COC's guaranty to Series A investors. By 2007, COC issued and CRI sold, through A.Cantone and others, 2005 Series A and 2007 Series A certificates totaling more than $3,000,000, which was well in excess of the stated equity value of COC's guaranty.

c) Crowder's Significant Financial Problems

52. As set forth above, in May 2006 and November 2006, Esplanade Developer defaulted on interest payments owed to COC. When Crowder failed to honor his guaranty to make these interest payments, A.Cantone provided bridge loans to Esplanade Developer and those funds were used to pay COC, which then paid interest to the 2005 Certificate of Participation investors. By providing the bridge loan, A.Cantone hid Esplanade Developer's and Crowder's defaults from investors.

53. The 2007 CDM did not disclose that Esplanade Developer and Crowder defaulted on interest due in May 2006 and November 2006 on the 2005 Note. The 2007 CDM also failed to disclose that funds from A.Cantone's bridge loans to Esplanade Developer, rather than funds from Esplanade Developer or Crowder, were used to make the May 2006 and November 2006 interest payments.

54. Esplanade Developer and Crowder ultimately failed to pay the interest and principal it owed to COC on the 2005 and 2007 Notes.

55. In June 2012, an involuntary Chapter 7 bankruptcy petition was filed against Crowder by one of his creditors in U.S. Bankruptcy Court for the Southern District of Florida.

56. In the bankruptcy case, Crowder disclosed that he had no real estate assets, no cash and $2,065 worth of personal property. He also listed a total of over $23,000,000 in liabilities including, among other things: (a) a $10,000,000 debt owed to COC based on a "personal guarantee in default"; (b) a $12,000,000 debt owed to Suntrust Bank based on "Guaranty Obligations 1997-2003"; and (c) $410,000 owed to his former spouse as a domestic support obligation pursuant to "marital arrangement [of] $10,000 per month."

57. On June 21, 2013, the Bankruptcy Court granted Crowder a discharge of his debts.

iv) <u>False and Misleading Statements</u>

58. A.Cantone, COC through A.Cantone, and CRI through A.Cantone made numerous false and misleading statements in connection with the offer and sale of the 2005 and 2007 Certificates of Participation including, but not limited to, the following:

a. The 2005 Certificates of Participation were fully guaranteed investments;

b. The 2007 Certificates of Participation were fully guaranteed investments;

c. If called upon, COC had sufficient assets to satisfy the guarantees it made in the 2005 CDM to Series A investors;

d. If called upon, COC had sufficient assets to satisfy the guarantees it made in the 2007 CDM to Series A investors;

e. According to the 2005 CDM, $190,000 was held back by COC from Esplanade Developer as "transactional costs" in connection with the 2005 Certificates of Participation;

f. According to the 2007 CDM, $316,200 was held back by COC from Esplanade Developer as "a commitment fee" in connection with the 2007 Certificates of Participation; and

g. Although COC is the issuer of the 2005 and 2007 Certificates of Participation, the heading on the first page of the 2005 and 2007 CDMs refers in bold to a "**SUBORDINATED PROMISSORY NOTE Issued by ESPLANADE DEVELOPMENT LLC.**" (Emphasis in original.) Similarly, the first sentence on the first page of each CDM states in bold: "**The Subordinated Promissory Note ... will be issued by Esplanade Development, LLC....**" (emphasis in original). The CDMs contain abundant information about the Esplanade Condominium Complex, including financing, the construction, the land, the units, competitor condominium complexes, and projected financial information. And the CDMs are signed electronically by Crowder on behalf of Esplanade Developer and Esplanade Owner.

v) **Omission of Material Information**

59. A.Cantone, COC through A.Cantone, and CRI through A.Cantone omitted to disclose material information to investors in connection with the offer and sale of the 2005 and 2007 Certificates of Participation including, but not limited to, the following:

a. The 2005 CDM did not disclose that more Series A Certificates of Participation could be sold than the equity value of COC's guaranty;

b. The 2007 CDM did not disclose that Esplanade Developer defaulted on interest payments due in May 2006 and November 2006;

c. The 2007 CDM did not disclose that Crowder failed to honor his guaranty to make interest payments due in May 2006 and November 2006;

d. The 2007 CDM did not disclose that funds from A.Cantone's bridge loans to Esplanade Developer in May 2006 and November 2006, rather than funds from Esplanade Developer or Crowder, were used to make the May 2006 and November 2006 interest payments due on the 2005 CDM;

e. The 2007 CDM did not disclose that the combined value of the 2005 and 2007 Series A certificates sold impaired the value of COC's guaranty to Series A investors;

f. Series A investors were not told that COC issued and CRI sold 2005 Series A and 2007 Series A certificates totaling more than $3,000,000, which was well in excess of the stated equity value of COC's guaranty;

g. The 2005 CDM fails to disclose that the $190,000 of "transactional costs" actually included 4% - 5% commissions earned by CRI agents in connection with each sale of the 2005 Certificates of Participation;

h. The 2007 CDM fails to disclose that the $316,200 "commitment fee" actually included 4% - 5% commissions earned by CRI agents in connection with each sale of the 2007 Certificates of Participation;

i. The 2005 CDM fails to disclose a 3% "Facility Fee" earned by COC;

j. The 2005 and 2007 CDMs fail to disclose with adequate specificity and clarity that the 2005 and 2007 Certificates of Participation were not direct investments in the Esplanade Condo Complex; rather the certificates were investments in notes purchased by COC that were themselves investments in the Esplanade Condo Complex;

k. The 2005 CDM did not disclose that Crowder owed a $12,000,000 debt to Suntrust Bank on "Guaranty obligations" from 1997-2003;

l.The 2007 CDM did not disclose that Crowder owed a $12,000,000 debt to Suntrust Bank on "Guaranty obligations" from 1997-2003;

m. The 2005 CDM did not disclose that Crowder had been going through a divorce that was likely to materially affect his net worth; and

n. The 2007 CDM did not disclose that Crowder had been going through a divorce that was likely to materially affect his net worth.

D. Maxwell Smith

60. For more than 17 years, from November 1992 until April 2009, including the four years he worked at CRI (from 2005 to 2009), Smith promoted and sold a purported tax exempt interest bearing investment, "Health Care Financial Partnership Direct Municipal Loan" ("HCFP Loan").

61. The HCFP Loan was neither registered with the Bureau, nor exempt from registration, nor a federally covered security.

62. Smith solicited and sold the HCFP Loan to more than 10 people who invested a total of approximately $10,000,000 in HCFP Loans. While employed at CRI, Smith sold the HCFP Loan to at least one CRI client referred to herein as "L.F."

63. In reality and unbeknownst to the investors, the HCFP Loan was fictitious, and the entire investment was a fraudulent scheme. In some instances, Smith repaid early investors with their own money or with funds belonging to subsequent investors in a Ponzi scheme.

64. Without admitting or denying the findings contained therein, Smith entered into a Consent Order with the Bureau on November 18, 2009, that included findings of violations of the antifraud provisions of the Securities Law for misappropriation of customer assets. Based on his Ponzi scheme, Smith was also prosecuted by the U.S. Attorney's Office for mail fraud and by the State of New Jersey, Office of the Attorney General, Division of Criminal Justice, for money laundering. He pled guilty to those crimes and in 2013 was sentenced to seven years for mail fraud and 15 years for money laundering. He is currently incarcerated.

65. While he was employed by CRI, Smith sent letters to investors confirming their investments on fictitious Health Care Financial letterhead that included fabricated direct loan investment numbers, interest rates and maturity dates of the loans.

66. In addition to these letters, Smith emailed his customers regarding their HCFP Loans. On several occasions, Smith directed Karen Richard ("Richard"), a CRI office secretary, to type his handwritten HCFP communications and information into emails.

67. Richard sent the emails from her CRI email address to Smith's clients directly, sending a copy of the email to Smith at his personal email address. For example, on December 22, 2008, Richard emailed Smith's customer L.F. concerning the fair market value of the HCFP Loan ("December 2008 Email"). L.F. was also a client of CRI.

68. In accordance with CRI's policy and procedures, C.Cantone reviewed the December 2008 email and questioned Smith.

69. C.Cantone testified that when she asked Smith to explain "Health Care Financial," Smith explained that "they were bonds that the customer had bought at his previous firm." But the face of the December 2008 Email revealed the falsity of Smith's explanation because the email stated plainly that the transactions were made on February 8, 2007 and October 21, 2008 – dates on which Smith was registered as an agent with CRI (and not a prior firm).

70. C.Cantone neither verified that the transaction had indeed occurred prior to Smith's employment at CRI, nor did any follow-up with L.F.

71. Smith operated his fraud through a personal securities account he opened at Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Merrill Lynch"). Smith instructed investors who wished to purchase the HCFP Loan to make their investment checks payable to "Merrill Lynch A/C 36641," his personal securities account.

72. Smith deposited the investor checks into his personal securities account at Merrill Lynch. He then used their money for his personal benefit and to repay investors, among other things.

73. From 2005 through 2008, Smith failed to properly respond to CRI's annual compliance certification. The form asked: "Do you or your spouse have any personal securities accounts at any other brokerage firm or other financial institution?" Smith falsely answered "No" in each instance. But C.Cantone was aware of Smith's personal Merrill Lynch securities account and corrected each of Smith's annual compliance certifications, indicating that Smith had a personal securities account at another brokerage firm. In fact, on the November 13, 2008 Annual Employee Certification, C.Cantone acknowledged that CRI received copies of statements for

Smith's Cash Management Account at Merrill Lynch by making the notation, "We already receive CMA copies."

74. C.Cantone testified that she reviewed Smith's Merrill Lynch statement for the period of July 30, 2005 through August 31, 2005, in which there was an entry for August 23, 2005, noting a withdrawal due to returned deposit for $300,000. This statement entry refers to a returned deposit for a check deposited on August 18, 2005 for $300,000 from L.F. for the purchase of a HCFP Loan. L.F's check dated August 1, 2005 had bounced.

75. C.Cantone also received a copy of the correspondence from Merrill Lynch to Smith regarding L.F.'s check that was returned for insufficient funds. Enclosed with the correspondence was a copy of L.F.'s check with the memo "HCare Fin. Pt. Loan #348."

76. C.Cantone testified that when she questioned Smith about his deposits, Smith explained that the deposits and withdrawals were for personal real estate property transactions.

77. Even though L.F. was a client of CRI, C.Cantone failed to contact L.F. to ask why L.F. gave $300,000 to Smith directly.

78. In February 2009, CRI received a letter from attorney Edward G. D'Alessandro Jr., Esq., on behalf of Smith's 90-plus year old customer L.F. concerning the HCFP Loan. Mr. D'Alessandro requested additional information and documents about HCFP and loans involving L.F., and an accounting of L.F. He also questioned the liquidity and suitability of the purported investment and dividend reinvestment, among other things. C.Cantone did not speak directly with Smith about the HCFP Loan until about a month later.

79. On April 3, 2009, Smith admitted to C.Cantone that the HCFP Loan was a "scam."

80. In addition, Smith received customer funds and converted them for his own use.

81. Smith conducted HCFP loan-related activity from CRI's office. As set forth above, Smith had Richard type up certain HCFP Loan documents for customers. Smith also stored HCFP Loan documents in his personal CRI-issued filing cabinet located in his CRI office.

82. Despite the red flags, C.Cantone and CRI through C.Cantone failed to detect or prevent Smith's selling away. Smith's files were not examined until March 2009, when Smith's office was moved to a different floor due to CRI's relocation to a different space within the same office building. C.Cantone and CRI through C.Cantone failed to examine Smith's computer prior to Smith's admission that the HCFP Loans were a "scam." In addition, C.Cantone and CRI through C.Cantone failed to examine Richard's computer and files.

E. Failure to Supervise

83. CRI's Written Supervisory Procedures Manual dated February 18, 2009 ("WSPM") includes Section 11.2 titled "Responsibility" and states that "Responsibility for the Firm's supervisory system, policies, and controls includes the following: . . . [t]he Chief Compliance Officer (CCO) is responsible for establishing and maintaining the supervisory system, policies and procedures for all areas of the firm[;]. . . . establishing and maintaining the supervisory system, policies and procedures other than financial and operations procedures[;] . . . establishing and maintaining systems, policies and controls regarding operations procedures.

84. It further provides that the "The Financial and Operations Principal (FINOP) is responsible for establishing and maintaining systems, policies and controls regarding financial and accounting procedures and reporting[;] . . . [t]he Internal Audit Manager (FINOP) is responsible for developing audits and identifying business, financial, and operations areas to be reviewed[;] [t]he FINOP and CCO are responsible for developing and evaluating risk

management procedures[;] [t]he FINOP is responsible for reviewing internal and external audits and initiating corrective action where appropriate.

85. C.Cantone was the Chief Compliance Officer and FINOP at CRI during the relevant period

86. Accordingly, C.Cantone were responsible for approving the products sold by CRI and supervising the CRI agents, including her husband, A.Cantone, who offered and sold the unregistered 2005 and 2007 Certificates of Participation to investors.

87. Based on the conduct above, including the offer and sale of the unregistered 2005 and 2007 certificates and the materially misleading statements and omission of material facts in the CDMs, C.Cantone failed to reasonably supervise CRI's agents, including A.Cantone, who sold the certificates.

88. Based on the conduct above in § 59-81, C.Cantone also failed to reasonably supervise Smith, an agent of CRI, for whom she had supervisory responsibility.

C. Books and Records

89. Pursuant to N.J.S.A. 49:3-59(b) and N.J.A.C. 13:47A-1.10, broker-dealers registered with the Bureau are required to make and keep books, records, and accounts as required by the U.S. Securities and Exchange Commission.

90. 17 C.F.R. § 240.17a-4(e)(5) requires that all account record information required pursuant to 17 C.F.R. § 240.17a-3(a)(17) be maintained until at least six years after the earlier of the date the account was closed or the date on which the information was replaced or updated.

91. CRI's Written Supervisory Procedures Manual dated February 18, 2009 ("WSPM") includes Section 1.1 titled "List Of Supervisors," which states "[t]his section includes

the Firm's designated supervisors responsible for supervision of the areas of business indicated. C.Cantone is listed as the Chief Compliance Officer who is responsible for "books and records maintenance and explanations."

92. The WSPM also includes Section 6.9.1 titled "Designation Of Responsibilities," which lists those responsible for the Firm's Business Continuity Plan, and states the "Compliance Officer" is responsible for "maintain[ing] and updat[ing] [the] Books and Records Chart.

93. The WSPM also includes Section 6.9.7.1 titled "Clearing Firm Back-Up And Recovery," which refers to recovery of records from a clearing firm as part of CRI's disaster recovery plan. "Compliance (or another person designated to review critical third party plans) will review the clearing firm plan or a summary of the plan at least annually when the Firm's Plan is reviewed."

94. The WSPM at Section 12.4 titled "Office Records" provides that "All questions regarding books and records should be referred to Compliance."

95. C.Cantone as Chief Compliance Officer of CRI was responsible for all aspects of the firm's book and records, including CRI's books and records maintenance.

96. Since at least June 21, 2010, the Bureau made repeated requests to CRI and C.Cantone through their counsel for certain books, records and accounts that CRI was required to create and maintain. CRI failed to provide many such books, records and accounts, and in some instances, produced books, records and accounts that contained unsubstantiated client information.

97. As Chief Compliance Officer and FINOP for CRI during the relevant period, C.Cantone was responsible for WSPM compliance, including being responsible for CRI's failure to create and/or maintain accurate account records, including client's personal

information, financial information, investment objectives and signature, for all of CRI's clients.

CONCLUSIONS OF LAW

FIRST CONCLUSION OF LAW

A.CANTONE ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE SECURITIES INDUSTRY BY OFFERING AND SELLING UNREGISTERED SECURITIES, WHICH IS PROHIBITED UNDER N.J.S.A. 49:3-60 N.J.S.A. 49:3-58(a)(1), (a)(2)(ii) and (a)(2)(vii) N.J.A.C. 13:47A-6.3(a)(62)

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

99. The 2005 Certificates of Participation and the 2007 Certificates of Participation sold by A.Cantone, CRI through A.Cantone, and COC through A.Cantone, were securities as defined in N.J.S.A. 49:3-49(m) of the Securities Law.

100. The 2005 Certificates of Participation and the 2007 Certificates of Participation were neither registered with the Bureau, nor exempt from registration, nor federally covered securities.

101. The 2005 Certificates of Participation and the 2007 Certificates of Participation were required to be registered with the Bureau under N.J.S.A. 49:3-60.

102. A.Cantone sold the unregistered 2005 Certificates of Participation and the 2007 Certificates of Participation in violation of N.J.S.A. 49:3-60.

103. Pursuant to N.J.S.A. 49:3-58, the bureau chief may by order deny, suspend, or revoke any registration if she finds: (1) that the order is in the public interest; and (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, 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 or investment adviser . . . (ii) has willfully violated or willfully failed to comply with any provision of this act or any rule or order authorized by this act or has willfully, materially aided others in such conduct; and (vii) has engaged in dishonest or unethical practices in the securities, commodities, banking, insurance or investment advisory business, as may be defined by rule of the bureau chief.

104. Under N.J.A.C. 13:47A-6.3(a)(62), it is a dishonest and unethical practice to "engage[] in any conduct or any act, indirectly or through . . . that would be unlawful for such person to do directly under the provision of N.J.S.A. 49:3-47 et seq., or any rule promulgated thereunder."

105. By selling unregistered securities individually and on behalf of CRI and COC, A.Cantone violated N.J.S.A. 49:3-58(a)(1), (a)(2)(ii) and (a)(2)(vii).

106. Based upon the foregoing, revoking the agent and investment adviser representative registrations of A.Cantone is in the public interest and necessary for the protection of the investing public.

107. Based upon the foregoing, it is in the public interest and necessary for the protection of the investing public to deny all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b) as to A.Cantone, and to revoke 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 revoked as to A.Cantone.

SECOND CONCLUSION OF LAW

A.CANTONE ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE SECURITIES INDUSTRY BY MAKING MISREPRESENTATIONS AND OMITTING MATERIAL FACTS AND OTHERWISE CONCEALING AND DECEIVING INVESTORS IN CONNECTION WITH THE OFFER, SALE, AND/OR PURCHASE OF SECURITIES, AND MAKING MATERIALLY FALSE AND MISLEADING STATEMENTS AND/OR OMITTED TO STATE MATERIAL FACTS, WHICH IS PROHIBITED UNDER N.J.S.A. 49:3-52(b) and (d) N.J.S.A. 49:3-58(a)(1) and (a)(2)(vii) N.J.A.C. 13:47A-6.3(a)(31) and (62)

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

109. A.Cantone, CRI through A.Cantone, and COC through A.Cantone, made materially false and misleading statements to investors in connection with the offer and sale of the 2005 and 2007 Certificates of Participation.

110. The false and misleading statements, as more fully described above, include, but are not limited to:

a. The 2005 and 2007 Certificates of Participation were fully guaranteed investments.

b. If called upon, COC had sufficient assets to satisfy the guarantees it made in the 2005 and 2007 CDMs to Series A investors.

c. According to the 2005 CDM, $190,000 was held back by COC from Esplanade Developer as "transactional costs" in connection with the 2005 Certificates of Participation.

d. According to the 2007 CDM, $316,200 was held back by COC from Esplanade Developer as "a commitment fee" in connection with the 2007 Certificates of Participation.

e. Although COC is the issuer of the 2005 and 2007 Certificates of Participation, the heading on the first page of the 2005 and 2007 CDMs refers in bold to a "**SUBORDINATED PROMISSORY NOTE Issued by ESPLANADE DEVELOPMENT LLC.**" (emphasis in original). Similarly, the first sentence on the first page of each CDM states in bold: "**The Subordinated Promissory Note ... will be issued by Esplanade Development, LLC....**" (Emphasis in original.) The CDMs contain abundant information about the Esplanade Condominium Complex, including financing, the construction, the land, the units, competitor condominium complexes, and projected financial information. The CDMs are signed electronically by Crowder on behalf of Esplanade Developer and Esplanade Owner.

111. A.Cantone omitted to state material facts necessary in order to make statements made, in the light of the circumstances under which they were made, not misleading, in connection with the offer and sale of the 2005 and 2007 Certificates of Participation.

112. The omissions of material fact, as more fully described above, include, but are not limited to:

a. The 2005 CDM did not disclose that more Series A Certificates of Participation could be sold than the equity value of COC's guaranty.

b. The 2007 CDM did not disclose that Esplanade Developer defaulted on interest payments due in May 2006 and November 2006.

c. The 2007 CDM did not disclose that Crowder failed to honor his guaranty to make interest payments due in May 2006 and November 2006.

d. The 2007 CDM did not disclose that funds from A.Cantone's bridge loans to Esplanade Developer in May 2006 and November 2006, rather than funds from Esplanade Developer or Crowder, were used to make the May 2006 and November 2006 interest payments on the 2005 CDM.

e. The 2007 CDM did not disclose that the combined value of the 2005 and 2007 Series A certificates sold impaired the value of COC's guaranty to Series A investors.

f. Series A investors were not told that COC issued and CRI sold 2005 Series A and 2007 Series A certificates totaling more than $3,000,000, which was well in excess of the stated equity value of COC's guaranty.

g. The 2005 CDM fails to disclose that the $190,000 of "transactional costs" actually included 4% - 5% commissions earned by CRI agents in connection with each sale of the 2005 Certificates of Participation.

h. The 2007 CDM fails to disclose that the $316,200 "commitment fee" actually included 4% - 5% commissions earned by CRI agents in connection with each sale of the 2007 Certificates of Participation.

i. The 2005 CDM fails to disclose a 3% "Facility Fee" earned by COC.

j. The 2005 and 2007 CDMs fail to disclose with adequate specificity and clarity that the 2005 and 2007 Certificates of Participation were not direct investments in the Esplanade Condo Complex; rather the certificates were investments in notes purchased by COC that were themselves investments in the Esplanade Condo Complex.

k. The 2005 and 2007 CDMs did not disclose that Crowder owed a debt of approximately $12,000,000 to Suntrust Bank on "Guaranty obligations" from 1997-2003.

l. The 2005 and 2007 CDMs did not disclose that Crowder had been in the midst of a divorce that could potentially materially and negatively affect his net worth.

113. Pursuant to N.J.S.A. 49:3-58, the bureau chief may by order deny, suspend, or revoke any registration if she finds: (1) that the order is in the public interest; and (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, 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 or investment adviser . . . (vii) has engaged in dishonest or unethical practices in the securities, commodities, banking, insurance or investment advisory business . . . .

114. Under N.J.A.C. 13:47A-6.3(a)(31), it is a dishonest and unethical practice to "[m]ake any misrepresentation or omission of a material fact or otherwise employ[] any form of concealment or deception in connection with the offer, sale, purchase or negotiation of any securities . . . ."

115. Under N.J.A.C. 13:47A-6.3(a)(62), it is a dishonest and unethical practice to "engage[] in any conduct or any act, indirectly or through . . . that would be unlawful for such person to do directly under the provision of N.J.S.A. 49:3-47 et seq., or any rule promulgated thereunder."

116. By the foregoing conduct of A.Cantone individually and on behalf of CRI and COC, violated N.J.S.A. 49:3-58(a)(1) and (a)(2)(vii) as interpreted in N.J.A.C. 13:47A-6.3(a)(31) and (62).

117. Based upon the foregoing, revoking the agent and investment adviser representative registrations of A.Cantone is in the public interest and necessary for the protection of the investing public.

118. Based upon the foregoing, it is in the public interest and necessary for the protection of the investing public to deny all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b) as to A.Cantone, and to revoke 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 revoked as to A.Cantone.

THIRD CONCLUSION OF LAW

C.CANTONE ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE SECURITIES INDUSTRY BY FAILING TO REASONABLY SUPERVISE N.J.S.A. 49:3-58(a)(1), (a)(2)(vii) and (a)(2)(xi)

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

120. As set forth above, C.Cantone, as Chief Compliance Officer of CRI during the relevant period of time, supervised the CRI agents that sold unregistered, fraudulent securities in the form of the 2005 Certificates of Participation and the 2007 Certificates of Participation.

121. As set forth above, C.Cantone, as Chief Compliance Officer of CRI, supervised Smith, the CRI agent who sold the HCFP Loan, an unregistered and fictitious investment; Smith also directed Richard, a CRI secretary, to type HCFP-related correspondence.

122. Pursuant to N.J.S.A. 49:3-58, the bureau chief may by order deny, suspend, or revoke any registration if she finds: (1) that the order is in the public interest; and (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, 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 or investment adviser . . . (vii) has engaged in dishonest or unethical practices in the securities, commodities, banking, insurance or investment advisory business . . . (xi) has failed reasonably to supervise: his agents if he is a broker-dealer or issuer; the agents of a broker dealer or issuer for whom he has supervisory responsibility; or his employees who give investment advice if he is an investment adviser.

123. Accordingly, C.Cantone failed to reasonably supervise agents for whom she had supervisory responsibility and to enforce procedures necessary to detect and prevent such conduct as enumerated in N.J.S.A. 49:3-58(a)(2)(xi) and is a dishonest or unethical practice under N.J.S.A. 49:3-58(a)(2)(vii).

124. Based upon the foregoing, revoking the agent registration of C.Cantone is in the public interest and necessary for the protection of the investing public.

125. Based upon the foregoing, it is in the public interest and necessary for the protection of the investing public to deny all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b) as to C.Cantone, and to revoke 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 revoked as to C.Cantone.

FOURTH CONCLUSION OF LAW

C.CANTONE ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE SECURITIES INDUSTRY BY FAILING TO CREATE AND/OR MAINTAIN CRI'S BOOKS AND RECORDS AS REQUIRED UNDER N.J.S.A. 49:3-59(b) N.J.A.C. 49:3-58(a)(1), (a)(2)(ii), and (a)(2)(vii)

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

127. C.Cantone was responsible, as the Chief Compliance Officer and FINOP of CRI at all relevant times to create and/or maintain the books and records of CRI, among other things, as set forth in the WSPM and as required under N.J.S.A. 49:3-59(b) and N.J.A.C. 13:47A-1.10.

128. Despite repeated requests from the Bureau since at least April 20, 2009, to CRI for the production of certain account and other documents, C.Cantone failed to create and/or maintain CRI's account records and other documents containing the customer's personal information, financial information, investment objectives and signature.

129. By failing to make and keep such accounts records, C.Cantone violated CRI's own books and records maintenance procedures set forth in the WSPM. In addition, C.Cantone violated N.J.S.A. 49:3-58(a)(2)(ii) and is a dishonest or unethical practice under N.J.S.A. 49:3-58(a)(2)(vii).

130. Pursuant to N.J.S.A. 49:3-58, the bureau chief may by order deny, suspend, or revoke any registration if she finds: (1) that the order is in the public interest; and (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, 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 or investment adviser . . . (ii) has willfully violated or willfully failed to comply with any provision of this act or any rule or order authorized by this act or has willfully, materially aided others in such conduct . . . (vii) has

engaged in dishonest or unethical practices in the securities, commodities, banking, insurance or investment advisory business . . . .

131. Under N.J.A.C. 49:3-58(a)(1), (a)(2)(ii) and (a)(2)(vii), the bureau chief may revoke C.Cantone's agent registration.

132. Based upon the foregoing, revoking the agent registration of C.Cantone is in the public interest and necessary for the protection of the investing public.

133. Based upon the foregoing, it is in the public interest and necessary for the protection of the investing public to deny all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b) as to C.Cantone, and to revoke 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 revoked as to C.Cantone.

THEREFORE, based on the foregoing findings of fact and conclusions of law, **IT IS** on this 20th day of November, 2015 **ORDERED** that:

134. The agent and investment adviser representative registrations of Anthony J. Cantone are hereby revoked pursuant to N.J.S.A. 49:3-58;

135. The agent registration of Christine L. Cantone is hereby revoked pursuant to N.J.S.A. 49:3-58; and

136. Anthony J. Cantone and Christine L. Cantone are denied all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b). 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 revoked as to Anthony J. Cantone and Christine L. Cantone.

Laura H. Posner
Bureau Chief

NOTICE OF RIGHT TO HEARING

Pursuant to the Uniform Securities Law (1997), N.J.S.A. 49:3-47 *et seq.*, specifically, N.J.S.A. 49:3-58(c), "The Bureau Chief, for good cause shown, may by order summarily postpone, suspend, revoke or deny any registration, pending final determination of any proceeding under this section. Upon entry of the order, the bureau chief shall promptly notify the applicant or registrant ... that the order has been entered and of the reasons therefor." Furthermore, pursuant to N.J.S.A. 49:3-58 (c)(1), "The bureau chief shall entertain on no less than three days' notice a written application to lift the summary postponement, suspension or revocation on written application...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 postponement, suspension or revocation."

The applicant shall have up to 15 days to respond to the Bureau Chief in the form of a written answer and written request for a hearing. The written answer must specifically address 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 an applicant or registrant fails to respond by filing a written answer and request for a hearing with the Bureau Chief within the 15 day prescribed period, the registrant shall have waived the opportunity to be heard and the order shall remain in effect until modified or vacated.

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 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.