

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

IN THE MATTER OF:

Richard Belott
(CRD No. 4725262)

and

Financial Planning Advisors, LLC
(CRD No. 128991)

Respondents.

**SUMMARY PENALTY AND
REVOCATION ORDER**

Pursuant to the authority granted to Christopher W. Gerold, Chief of the New Jersey Bureau of Securities (“Bureau Chief”), under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -83 (“Securities Law”) and certain regulations thereunder, and based upon information obtained during the investigation by the New Jersey Bureau of Securities (“Bureau”), the Bureau Chief hereby finds that there is good cause and that it is in the public interest to enter this Summary Penalty and Revocation Order (“Order”) against Richard Belott (“Belott”) and Financial Planning Advisors, LLC (“FPA”). Accordingly, the Bureau Chief makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. From approximately 2008 through 2015 (“Relevant Time Period”), Belott and FPA fraudulently sold at least \$6.1 million of unregistered securities to at least eight investors, including elderly FPA clients. Belott and FPA marketed and sold at least twenty-four promissory notes purportedly issued by local diners and a developer. However, instead of receiving promissory

notes from the diners and developer, investors received personal promissory notes from the owners of the diners and developer, who had undisclosed business relationships with Belott, and in one instance, from Belott himself. Additionally, instead of the investors' funds being sent to the issuers of the promissory notes, Belott deposited the funds into FPA's bank account, where he used at least \$1.55 million of the funds for his personal benefit, including to repay loans of his business affiliates, to pay his daughter's college tuition, to make mortgage and property tax payments on his primary residence and his beach house, and to pay personal credit cards charges that included vacations to Hawaii, London, and Paris.

2. In addition to the above fraudulent conduct, FPA and Belott failed to maintain required books and records, produced altered documents to the Bureau during the course of the Bureau's investigation, and made false statements while under oath to Bureau investigators. Belott and FPA's conduct violated both the Securities Law and the regulations promulgated thereunder.

A. Respondents

3. Belott (CRD No. 4725262), residing in Warren, New Jersey, has been registered with the Bureau as an investment adviser representative of FPA (CRD No. 128991) since 2004. Belott has been a New Jersey licensed Certified Public Accountant since 1994.

4. FPA, a New Jersey limited liability company, is located at 354 Main Street, Chatham, New Jersey, and has been registered with the Bureau as an investment adviser since 1998. Belott is the managing member and sole investment adviser representative of FPA. FPA purportedly provides asset management and financial planning services.

B. Relevant Non-Parties

5. Belott and Company, LLC ("Belott and Co."), a New Jersey limited liability company, is located at 354 Main Street, Chatham, New Jersey. Belott is the managing member of

Belott and Co. During the Relevant Time Period, Belott and Co. provided accounting services to both individuals and businesses, including FPA clients.

6. During the Relevant Time Period, Belott directly or indirectly owned interests in a number of limited liability companies that do business with FPA and/or Belott and Co., as more fully set forth below.

7. RBELIA, LLC, a New Jersey limited liability company, is located at 354 Main Street, Chatham, New Jersey. Belott is the managing member of RBELIA, LLC and 99% owner.

8. CLKDIN, LLC, a New Jersey limited liability company, is located at 354 Main Street, Chatham, New Jersey. CLKDIN, LLC is jointly owned by RBELIA, LLC and Emmanuel Niotis (“Niotis”). CLKDIN, LLC owns and operates Manny’s Diner in Clark, New Jersey. During the Relevant Time Period, Belott and Co. provided accounting services to CLKDIN, LLC and Niotis, for which Belott and Co. received compensation.

9. Church Street Diner, LLC, a New Jersey limited liability company, is located at 12 Church Street, Montclair, New Jersey. Church Street Diner, LLC owns and operates Manny’s Diner in Montclair, New Jersey. Church Street Diner, LLC was jointly owned by Niotis and Belott. In or about August 2013, Iqbal Ahmad (“Ahmad”) purchased Belott’s interest in Church Street Diner, LLC. During the Relevant Time Period, Belott and Co. provided accounting services to Church Street Diner, LLC and Ahmad, for which Belott and Co. received compensation.

10. ENLK LLC, a New Jersey limited liability company, is located at 1079 Valley Road, Stirling, New Jersey. ENLK LLC owns and operates the Stirling House Diner in Stirling, New Jersey. ENLK LLC is owned by Niotis. During the Relevant Time Period, Belott and Co. provided accounting services to ENLK LLC, for which Belott and Co. received compensation.

11. NA & J Associates, LLC (“NA & J”), a New Jersey limited liability company, was located at 1255 Valley Road, Stirling, New Jersey. NA & J owned and operated the “Oceana Grill.” Belott and Niotis each owned a fifty percent (50%) interest in NA & J from at least 2011 through 2013. During the Relevant Time Period, Belott and Co. provided accounting services to NA & J, for which Belott and Co. received compensation.

12. RBELIA, LLC, CLKDIN, LLC, Church Street Diner, LLC, ENLK LLC, and NA & J Associates, LLC are collectively referred to as the “Diners.”

13. Parisi Builders & Developers, LLC (“Developer”), a New Jersey limited liability company, is located at 430 Springfield Ave., Berkley Heights, New Jersey. Wayne Parisi (“Parisi”) is the owner of the Developer. During the Relevant Time Period, Belott and Co. provided accounting services to the Developer and Parisi, for which Belott and Co. received compensation.

C. Belott’s Promissory Notes Scheme

i. Belott’s Sale of Promissory Notes

14. During the Relevant Time Period, Belott and FPA, through Belott, fraudulently sold at least twenty-four unregistered promissory notes (“Promissory Notes”), totaling at least \$6.1 million, to at least eight investors (“Promissory Note Investors”), including at least six FPA clients. The Promissory Notes had a term of one year or more with stated interest rates ranging from 5% to 18% annually.

15. Belott and FPA, through Belott, offered and sold the Promissory Notes to the Promissory Notes Investors as being issued by the Diners and the Developer. However, instead of the Promissory Notes being issued and executed by the Diners or Developer, as Belott had stated at the time he sold the Promissory Notes to the Promissory Note Investors, the Promissory Notes

were issued by one or more of the following individuals personally: Niotis; Parisi; Ahmad; Emmanuel Karademetriou (“Karademetriou”); Belott’s brother, Joseph Belott; and in at least one instance, Belott himself. All signed their respective Promissory Notes individually and not on behalf of the Diners and Developer.

16. At the time Belott sold the Promissory Notes, Belott failed to disclose to the Promissory Note Investors his business relationships with Niotis, Ahmad, and Parisi, or that he was a co-owner of some of the Diners. Belott also failed to disclose to the Promissory Note Investors that the Diners and Developer were clients of Belott and Co.

17. Belott also failed to disclose to certain Promissory Note Investors that he received a commission for the sale of some Promissory Notes. Belott and FPA, through Belott, received a commission of approximately 2% of the purchase price for some of the Promissory Notes.

18. Interest and principal payments to the Promissory Note Investors were paid from the bank accounts of various entities, including the Diners, the Developer, and FPA. Throughout their respective investment periods, several of the Promissory Notes were often behind on payments. On at least one occasion, a check representing a partial payment from one of the Promissory Notes to a Promissory Note Investor was rejected due to the payor’s account having insufficient funds. Belott claimed to the Promissory Note Investor that it was merely a clerical error, and that there was nothing to be concerned about.

19. Besides the actual Promissory Note – which was only about two pages long – Promissory Note Investors did not receive any additional written disclosures or documents related to the Promissory Notes. Belott only provided verbal representations to the Promissory Note Investors. The Promissory Note Investors were not required to sign the Promissory Notes upon receipt.

20. The Promissory Notes were securities as defined in N.J.S.A. 49:3-49(m) of the Securities Law and were required by N.J.S.A. 49:3-60 to be registered with the Bureau.

21. The Promissory Notes were not registered with the Bureau and were not federally covered or exempt from registration.

ii. Belott's Misuse of Funds

22. Belott often directed the Promissory Note Investors to make their checks payable to FPA for the purchase of the Promissory Notes. Belott then deposited the Promissory Note Investors' checks into FPA's bank account ("FPA Bank Account"). In some instances, Belott directed the Promissory Note Investors to wire transfer funds directly to the FPA Bank Account for the purchase of the Promissory Notes.

23. Once deposited into the FPA Bank Account, Belott used at least \$1.55 million of the Promissory Note Investors' funds for his personal benefit, which he did not disclose to the Promissory Note Investors.

24. Belott paid a variety of personal expenses with Promissory Note Investors' funds, including: payment to other FPA clients for loans made to his business affiliates, payment of his daughter's college tuition, payment of mortgage and property taxes on his primary residence and his beach house in Lavallette, New Jersey, and payment of personal credit card charges that included vacations to Hawaii, London, and Paris.

25. In at least three instances, the funds from Promissory Note Investors were deposited into the FPA Bank Account and used to repay prior Promissory Note Investors. For example in October 2010, Belott used funds from a Promissory Note Investor to pay off a Promissory Note that Belott had purchased on behalf of a decedent's estate for which he was executor and FPA was the investment adviser.

26. In another instance in June 2012, Belott failed to disclose to a Promissory Note Investor that a portion of that investor's funds would be used by Niotis to buy-out Belott's ownership interest in the Oceana Grill.

iii. Belott's Sold Promissory Notes to Elderly FPA Advisory Clients

27. The Promissory Note Investors to whom Belott and FPA, through Belott, sold the Promissory Notes included FPA advisory clients, elderly and retired individuals, and the estate of a deceased FPA client for which Belott was the executor and a co-trustee of a trust formed by the decedent.

28. In or around 2006, Client A, an 86 year-old man, became a client of both Belott and Co. and FPA. Client A subsequently gave Belott power of attorney over his finances in 2007. In February 2008, Client A died. Belott was appointed the executor of Client A's estate ("Estate"), for which Belott received a fee. Belott also accepted the role of co-trustee of Client A's family trust ("Trust"), even though Belott admitted that he was "not an expert" and "didn't have the experience" to be a co-trustee.

29. As co-trustee, Belott signed an investment advisory agreement with FPA on behalf of the Trust on September 21, 2008. This was a conflict of interest in that Belott was both the investor as co-trustee of the Trust and, through FPA, the Trust's investment adviser.

30. As executor of Client A's Estate, Belott also signed an investment advisory agreement with FPA on behalf of the Estate on July 26, 2009. This was a conflict of interest in that Belott was both the investor as the executor of the Estate, through FPA, the Estate's investment adviser.

31. Between February and May 2009, Belott and FPA, through Belott, sold two Promissory Notes totaling \$380,000 to the Estate, and subsequently deposited the Estate's checks

in that amount into the FPA Bank Account. The Estate received Promissory Notes totaling \$380,000 that were issued and executed by Niotis and Karademetriou, respectively. Belott used the proceeds from the sale of the Promissory Notes that were deposited into the FPA Bank Account to pay more than \$150,000 of his own personal credit card bills and bank charges. Belott also personally withdrew an additional \$50,000.

32. In another example, Belott and FPA, through Belott, sold Client B at least seven Promissory Notes from 2008 to 2015 totaling at least \$520,000. Client B was a client of FPA at the time. In order to purchase one of the Promissory Notes, Client B used a \$300,000 early retirement payment that Client B had received from her long-time employer. The \$300,000 represented a majority of Client B's life savings. In another instance, Belott recommended that Client B sell mutual fund shares at a loss of more than \$23,000 to fund the purchase of a Promissory Note. During the time period that Client B owned the Promissory Notes, the Promissory Notes constituted at least 50% of Client B's assets managed by FPA, and at times as much as 87%.

33. In yet another example of Belott selling the Promissory Notes to an elderly or retired investor, Belott and FPA, through Belott, sold Client C four Promissory Notes totaling \$210,000. Client C was 82 years old at the time she purchased her first Promissory Note from Belott in 2009, and 86 years old at the time Belott sold her the last Promissory Note.

D. FPA's Violative Business Practices

34. On June 26, 2014, the Bureau conducted an on-site examination of FPA. During the examination, the Bureau's staff discovered that FPA failed to maintain certain required books and records. Belott, as the managing member and sole investment adviser representative of FPA, was responsible for FPA's conduct and failures.

35. Pursuant to N.J.S.A. 49:3-53(b) and (c), investment advisers may not “enter into, extend, or renew any investment advisory contract unless” certain provisions are made in writing. In violation of that provision, FPA failed to maintain written agreements with at least ten advisory clients with from at least 2008 to at least 2014.

36. Between 2009 and 2014, investment advisers registered with the Bureau who had custody of clients’ funds or securities were required to maintain minimum capital in the amount of \$25,000, or post a surety bond in the same amount, pursuant to N.J.A.C. 13:47A-2.2 and N.J.A.C. 13:47A-2.3.¹ In 2015, the minimum amount required by N.J.A.C. 13:47A-2.3 was increased to \$35,000.

37. FPA maintained custody of clients’ funds or securities as a result of: (a) Belott having a power of attorney over Client A’s assets and, after Client A’s death, serving as the executor of the Estate and co-trustee of the Trust; (b) depositing FPA client funds into the FPA Bank Account or custodian broker-dealer accounts that Belott would transfer to FPA client accounts for which he had trading privileges; and (c) depositing FPA client funds into FPA’s Bank Account in connection to the purchase of the Promissory Notes.

38. From at least 2008 to 2015, FPA had custody of FPA advisory clients’ funds, but failed to post a bond or maintain the required minimum net capital.

39. On February 11, 2015, the Bureau sent a letter to FPA and Belott that identified certain deficiencies and requested documentation that would ensure that FPA and Belott were in compliance with the Securities Law. Among the deficiencies identified in the letter by the Bureau

¹ All references in this Summary Penalty and Revocation Order to Title 13, Chapter 47A of the New Jersey Administrative Code are limited to N.J.A.C. 13:47A-1.1 to -14.16 (2008). Chapter 47A was revised effective July 17, 2015 and such revised regulations are only noted when specifically referenced.

were: failure to create and maintain adequate books and records as required by N.J.S.A. 49:3-49(g), N.J.S.A. 49:3-53(a), (b), and (c), and N.J.A.C. 13:47A-6.3(a)(52); failure to maintain minimum net capital or post a surety bond when holding custody of client assets as required by N.J.A.C. 13:47A-2.2; inconsistencies between advisory client agreements and FPA's Form ADV Part 1 disclosures; failure to maintain evidence that FPA clients received the firm's Form ADV Part 2 brochure or notice of amendments or changes to the brochure when required; interested party transactions; and loans from advisory clients including to FPA or Belott personally. Despite the Bureau's February 11, 2015 letter identifying the above deficiencies, FPA and Belott failed to cure them.

40. In February 2016, the Bureau conducted an unannounced on-site examination of FPA. During the examination, Bureau staff reviewed twenty-nine FPA client files. Of the twenty-nine FPA client files reviewed, eighteen client account files lacked investment advisory agreements and fifteen lacked billing information. None of the twenty-nine FPA client files contained copies of the Promissory Notes, or other documentation relating to investments in the Promissory Notes including any correspondence between FPA and Promissory Note Investors.

E. Belott Made Misleading Statements to Bureau Investigators

41. On May 14, 2015, Bureau staff wrote to Belott and FPA's counsel requesting an explanation of why client funds were deposited into the FPA Bank Account. In response, FPA and Belott produced copies of what Belott claimed were the Promissory Notes purchased by the Promissory Note Investors. However, these Promissory Notes had been altered. When the Bureau obtained copies of the Promissory Notes from several of the Promissory Note Investors and Promissory Note issuers, those Promissory Notes differed from the Promissory Notes produced by Belott and FPA to the Bureau. The differences included:

- a. Belott had signed as a co-obligor on a Promissory Note produced by an issuer, but had not signed as co-obligor on the same Promissory Note produced by Belott and FPA, through Belott;
- b. The amount of the investment on certain Promissory Notes produced by Promissory Note Investors differed from the same Promissory Notes produced by Belott and FPA, through Belott;
- c. The total number of Promissory Notes produced by Belott and FPA, through Belott, were less than the total number of Promissory Notes produced by the Promissory Note Investors and Promissory Note issuers;
- d. Some of the Promissory Notes produced by Belott and FPA, through Belott, had different dates for when the investments were made than the Promissory Notes produced by the Promissory Note Investors; and
- e. Some of the Promissory Notes produced by Belott and FPA, through Belott, included a statement that Belott would receive a commission from the sale of the Promissory Notes, while the Promissory Notes produced by the Promissory Note Investors did not.

42. During the course of the Bureau's investigation, Belott appeared before Bureau investigators on July 31, 2017 to provide sworn testimony. During the course of his testimony, Belott provided false and misleading testimony. Belott testified that he had never borrowed money from an FPA client. However, Belott signed at least one Promissory Note payable to an FPA advisory client in the amount of \$1.4 million on or about March 31, 2011.

43. Belott also testified that FPA did not hold custody of FPA client assets. This was another false and misleading statement. Belott repeatedly deposited FPA advisory clients' investment funds into the FPA Bank Account between 2008 and 2015.

CONCLUSIONS OF LAW

BELOTT AND FPA, THROUGH BELOTT, SOLD UNREGISTERED SECURITIES **N.J.S.A. 49:3-60**

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

45. Belott and FPA, through Belott, offered and sold unregistered securities in the form of the Promissory Notes in violation of N.J.S.A. 49:3-60.

46. The Promissory Notes were securities as defined in N.J.S.A. 49:3-49(m) of the Securities Law and were required by N.J.S.A. 49:3-60 to be registered with the Bureau.

47. The Promissory Notes were not registered with the Bureau and were not federally covered or exempt from registration.

48. Each offer and sale of unregistered securities constitutes a separate violation of N.J.S.A. 49:3-60 and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

BELOTT ACTED AS AN AGENT WITHOUT REGISTRATION **N.J.S.A. 49:3-56(a)**

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

50. Belott represented the issuers of the Promissory Notes in effecting or attempting to effect transactions of securities from or in New Jersey and, thus, acted as an agent as defined by N.J.S.A. 49:3-49(b) of the Securities Law, without being registered as an agent with the Bureau to

sell the Promissory Notes in violation of N.J.S.A. 49:3-56(a).

51. Each offer or sale of the Promissory Notes to investors constitutes a violation of N.J.S.A. 49:3-56(a) and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**BELOTT MADE UNTRUE STATEMENTS OF MATERIAL FACT AND/OR OMITTED
TO STATE MATERIAL FACTS NECESSARY IN ORDER TO MAKE THE
STATEMENTS MADE IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY
WERE MADE, NOT MISLEADING
N.J.S.A. 49:3-52(b)**

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

53. Pursuant to N.J.S.A. 49:3-52(b): “It shall be unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly . . . [t]o 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 light of the circumstances under which they are made, not misleading.”

54. Belott falsely represented to certain Promissory Note Investors that the proceeds from the sale of the Promissory Notes would be invested in local Diners and Developer.

55. Belott omitted to disclose material facts to certain Promissory Note Investors, including that:

- a. the proceeds from the sale of certain Promissory Notes would be used for the benefit of Belott and FPA;
- b. the Diners and Developer were clients of Belott and Co.; and
- c. Belott had a business interest in at least two of the Diners.

56. Each omission or materially false or misleading statement by Belott upon each Promissory Note Investor constitutes a violation of N.J.S.A. 49:3-52(b) and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**BELOTT AND FPA, THROUGH BELOTT, ENGAGED IN AN ACT, PRACTICE, OR
COURSE OF BUSINESS WHICH WOULD OPERATE AS A FRAUD OR DECEIT
UPON ANY PERSON IN CONNECTION WITH THE OFFER, SALE OR PURCHASE
OF SECURITIES
N.J.S.A. 49:3-52(c)**

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

58. Belott and FPA, through Belott, engaged in an act, practice and course of business that operated as a fraud and/or deceit upon the Promissory Note Investors by using funds from the Promissory Note Investors that was intended to be an investment in the Diners and Developer. Belott and FPA, through Belott, used at least \$1.55 million of the funds that had been deposited into the FPA Bank Account for personal use.

59. Each violation of N.J.S.A 49:3-52(c) by Belott and FPA, though Belott, upon each investor is a separate violation and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A 49:3-70.1.

**BELOTT AND FPA, THROUGH BELOTT, ENGAGED IN AN ACT, PRACTICE, OR
COURSE OF BUSINESS THAT OPERATED AS A FRAUD OR DECEIT UPON FPA'S
ADVISORY CLIENTS
N.J.S.A. 49:3-53(a)(2)**

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

61. Pursuant to N.J.S.A. 49:3-53(a)(2): "It shall be unlawful for any person who receives, directly or indirectly, any compensation from another person for advising the other

person as to the value of securities or their purchase or sale . . . [t]o engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the other person.”

62. In connection with advice regarding the purchase and sale of the Promissory Notes, Belott and FPA, through Belott, engaged in an act, practice, or course of business that operated as a fraud or deceit upon FPA’s advisory clients. Rather than forwarding the funds to the Diners and Developer or the Promissory Note issuers, Belott and FPA, through Belott, used at least \$1.55 million of the funds that had been deposited into the FPA Bank Account for personal use and, in at least three instances, to repay prior Promissory Note Investors.

63. Each violation of N.J.S.A. 49:3-53(a)(2) by Belott and FPA, though Belott, upon each FPA advisory client is a separate violation and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A 49:3-70.1.

BELOTT AND FPA, THROUGH BELOTT, ENGAGED IN DISHONEST AND UNETHICAL PRACTICES IN THE INVESTMENT ADVISORY BUSINESS
N.J.S.A. 49:3-53(a)(3)
N.J.S.A. 49:3-58(a)(1)
N.J.S.A. 49:3-58(a)(2)(vii)
N.J.A.C. 13:47A-6.3

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

65. Pursuant to N.J.S.A. 49:3-53(a)(3), “[i]t shall be unlawful for any person who receives, directly or indirectly, any compensation from another person for advising the other person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise...(3) to engage in dishonest or unethical practices as the bureau chief may by rule define in a manner consistent with and compatible with the laws and regulations

of the Securities and Exchange Commission, the self-regulatory organizations, and uniformity with the other states, the remedies for which shall be civil or administrative only....”

66. Pursuant to N.J.S.A. 49:3-58(a): “The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant 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 ... business, as may be defined by the rule of the bureau chief.”

67. Belott and FPA, through Belott, engaged in dishonest and unethical business practices in the investment advisory business, including by:

- a. charging fees related to the Promissory Notes without prior notification to advisory clients as to the nature and amount of the fees; and
- b. failing to disclose Belott’s material conflicts of interest to advisory clients, including his relationship, and Belott & Co.’s relationship, with the Diners and the Promissory Note issuers when recommending that advisory clients invest in the Promissory Notes.

68. Additionally, Belott and FPA, through Belott, engaged in dishonest and unethical business practices in the investment advisory business when Belott borrowed money from an FPA advisory client.

69. Pursuant to N.J.A.C. 13:47A-6.3(a): “‘Dishonest or unethical practices’ as used in N.J.S.A. 49:3-47 et seq....shall include... (43) Borrowing money or securities from a client...”

70. The conduct described in the preceding paragraphs is grounds, pursuant to N.J.S.A. 49:3-58(a)(2)(vii), to revoke the registrations of FPA and Belott.

71. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), the revocation and denial of certain exemptions, and revocation of FPA's investment adviser registration and Belott's investment adviser representative registration is in the public interest.

72. Each violation of N.J.S.A. 49:3-53(a)(3) upon each FPA advisory client is a separate violation and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**FPA AND BELOTT FAILED TO MAINTAIN WRITTEN INVESTMENT ADVISORY
CONTRACTS**

N.J.S.A. 49:3-53(b) and (c)

N.J.S.A. 49:3-58(a)(1)

N.J.S.A. 49:3-58(a)(2)(vii)

N.J.A.C. 13:47A-6.3(a)(52)

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

74. Pursuant to N.J.S.A. 49:3-53(b) and (c), investment advisers may not "enter into, extend, or renew any investment advisory contracts unless" certain provisions are made in writing.

75. FPA failed to maintain written investment advisory contracts for FPA clients during the Relevant Time Period.

76. Pursuant to N.J.A.C. 13:47A-6.3(a): "'Dishonest or unethical practices' as used in N.J.S.A. 49:3-47 et seq., shall include... (52) Entering into, extending or renewing any investment advisory contract unless such contract is in writing...."

77. Pursuant to N.J.S.A. 49:3-58(a): "The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the

applicant or registrant 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... business, as may be defined by the rule of the bureau chief."

78. The conduct described in the preceding paragraphs is grounds, pursuant to N.J.S.A. 49:3-58(a)(2)(vii), to revoke the registrations of Belott and FPA.

79. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), the revocation and denial of certain exemptions, and revocation of FPA's investment adviser registration and Belott's investment adviser representative registration is in the public interest.

80. By failing to enter into written contracts with FPA advisory clients, FPA violated to N.J.S.A. 49:3-53(b) and (c).

81. Each violation of N.J.S.A. 49:3-53(b) and (c) upon each client is a separate violation and is cause for the imposition of civil monetary penalties against FPA pursuant to N.J.S.A. 49:3-70.1.

FPA AND BELOTT FAILED TO MAKE AND KEEP REQUIRED BOOKS AND RECORDS

N.J.S.A. 49:3-59(b)

N.J.S.A. 49:3-58(a)(1)

N.J.S.A. 49:3-58(a)(2)(ii)

N.J.A.C 13:47A-2.6

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

83. Pursuant to N.J.S.A. 49:3-59(b), "Every registered broker-dealer and investment adviser shall make and keep those accounts, correspondence, memoranda, papers, books, and other

records as the bureau chief by rule prescribes...” as well as records “prescribed by the Securities and Exchange Commission.”

84. Pursuant to N.J.A.C. 13:47A-2.6 (2008) investment advisers are required to “keep at their principal place of business, open to inspection for the Bureau of Securities of the State of New Jersey, all books and records, as set forth in Rule 204-2 (17 CFR 275.204-2) under the Investment Advisers Act of 1940, 15 U.S.C. §§80b-1 et seq.” Such records “shall include” certain written communications (17 CFR § 275.204-2[a][7]), all bills or statements relating to the investment adviser’s business (17 CFR § 275.204-2[a][5]), and written agreements entered into by the investment adviser with clients (17 CFR § 275.204-2[a][10]).

85. FPA failed to maintain written investment advisory agreements, and the Bureau’s on-site examinations in 2014 and 2016 revealed that numerous client files lacked billing information or any written communications between FPA and its clients.

86. Pursuant to N.J.S.A. 49:3-58(a): “The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant 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.”

87. The conduct described in the preceding paragraphs is grounds, pursuant to N.J.S.A. 49:3-58(a)(2)(vii), to revoke the registrations of Belott and FPA.

88. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), the revocation and denial of certain exemptions, and revocation of Belott's investment adviser representative registration and FPA's investment adviser registration is in the public interest.

89. Each violation of N.J.S.A. 49:3-59(b) is a separate violation and is cause for the imposition of civil monetary penalties against FPA pursuant to N.J.S.A. 49:3-70.1.

**FPA FAILED TO MAINTAIN MINIMUM CAPITAL OR THE REQUIRED BOND
WHILE HAVING CUSTODY OF CLIENTS' FUNDS
N.J.A.C. 13:47A-2.2**

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

91. Pursuant to N.J.A.C. 13:47A-2.2, "no registration as an investment adviser shall be granted to a person who has custody of clients' funds or securities unless the applicant has a minimum capital of \$25,000 or has posted a surety bond in the amount of \$25,000"

92. During the Relevant Time Period, FPA failed to maintain the minimum required capital or post a surety bond as required by N.J.A.C. 13:47A-2.2.

93. Each instance when FPA took custody of client funds or securities but failed to maintain adequate capital or post a surety bond is a separate violation of N.J.A.C. 13:47A-2.2 and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**BELOTT AND FPA, THROUGH BELOTT, MADE FALSE AND MISLEADING
STATEMENTS TO INVESTIGATORS DURING AN INVESTIGATIVE CONDUCTED
PURSUANT TO THE SECURITIES LAW
N.J.S.A. 49:3-54**

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

95. Belott testified before the Bureau that he never personally borrowed money from FPA clients. However, Belott signed at least one Promissory Note payable to an FPA advisory client in the amount of \$1.4 million on or about March 31, 2011.

96. Belott further testified before the Bureau that FPA did not hold custody of client assets. However, Belott repeatedly deposited FPA advisory clients' investment funds into the FPA Bank Account between 2008 and 2015.

97. Belott's statements to the Bureau and its staff were materially false and misleading.

98. The production of altered Promissory Notes by Belott and FPA, through Belott, to the Bureau were false and misleading statements.

99. Each materially false and misleading statement is a separate violation of N.J.S.A. 49:3-54, which is grounds pursuant to N.J.S.A. 49:3-70.1 for the imposition of civil monetary penalties.

**FPA'S OFFICER, DIRECTOR OR PERSON CONTROLLING FPA IS THE SUBJECT
OF AN EFFECTIVE REVOCATION ORDER OF THE BUREAU CHIEF**

**N.J.S.A. 49:3-58(a)(1)
N.J.S.A. 49:3-58(a)(2)(v)**

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

101. Pursuant to N.J.S.A. 49:3-58(a): "The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant 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 controlling the broker-dealer or investment adviser: (v) is the subject of an effective order of the bureau chief denying, suspending, or revoking registration as an agent...."

102. As Belott is the subject of this Summary Penalty and Revocation Order, the Bureau Chief may revoke FPA's registration as an investment adviser pursuant to N.J.S.A. 49:5-58(a)(2)(v).

103. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), the revocation of FPA's registration and certain exemptions is in the public interest.

CONCLUSION

THEREFORE, it is on this 15th day of June 2018, hereby **ORDERED** that:

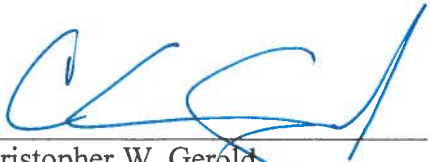
104. The investment adviser registration of Financial Planning Advisors, LLC is **REVOKED**;

105. The investment adviser representative registration of Richard Belott is **REVOKED**;

106. Belott and FPA are jointly and severally assessed and liable to pay civil monetary penalties in the amount of \$500,000, pursuant to N.J.S.A. 49:3-70.1, for violations of the Securities Law described in this Order, which is due immediately and payable to the "State of New Jersey, Bureau of Securities;"

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

108. 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 Belott and FPA.



Christopher W. Gerold
Chief, Bureau of Securities

NOTICE OF RIGHT TO HEARING

Pursuant to the Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -83, specifically, N.J.S.A. 49:3-58(c), the Bureau Chief shall entertain on no less than three days' notice, a written application to lift the summary revocation on written application of the applicant or registrant and in connection therewith may, but need not, hold a hearing or hear testimony, but shall provide to the applicant or registrant a written statement of the reasons for the summary revocation.

Pursuant to N.J.S.A. 49:3-50(c) and to N.J.S.A. 49:3-58(c), this matter will be set down for a hearing if a written request for such a hearing is filed with the Bureau within 20 days after the respondent receives this Order. A request for a hearing must be accompanied by a written response, which addresses specifically each of the allegations set forth in the Order. A general denial is unacceptable. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney.

Orders issued pursuant to N.J.S.A. 49:3-50(c) and/or N.J.S.A. 49:3-58(c) to suspend or revoke any registration shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the Order to suspend or revoke any registration shall be held in any event within 20 days after it is requested, and the filing of a motion to vacate the Order shall toll the time for filing an answer and written request for a hearing.

If no hearing is requested, the Order shall be entered as a Final Order and will remain in effect until modified or vacated. If a hearing is held, the Bureau Chief shall affirm, vacate, or modify the order in accord with the findings made at the hearing.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action revoking your registration, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of relief requested does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.