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STATE OF NEW JERSEY
BUREAU OF SECURITIES
OFFICE OF ADMINISTRATIVE LAW
Docket Number BOS 5368-03

IN THE MATTER OF:

CARL BARONE . . .
RICHARD D'AMBOLA et al.

CONSENT ORDER
UNDER N.J.A.C. 1:1-19.1

The Staff of the Bureau of Securities and Richard D'Ambola (sometimes "Respondent") have agreed to settle this matter on the terms set forth in this Consent Order, which have, with the consent of Respondent, been reviewed and approved by the Bureau Chief.

These parties wish to have the settlement incorporated in the record of the case. Thus, as provided in N.J.A.C. 1:1-19.1, the full terms of the settlement are set forth herein.

This proceeding was instituted on December 16, 2002 when the Bureau Chief signed and caused to be filed and served an Administrative Complaint alleging, among other things, that Respondent and others violated certain provisions of New Jersey's

Uniform Securities Law, N.J.S.A. 49:3-47 et seq., regarding the conduct of securities agents related to the offer, purchase and sale of certain promissory notes.

Respondent, among others, timely requested a hearing and filed an Answer denying certain of the allegations, admitting others and asserting certain affirmative defenses. On reviewing the Answers, the Bureau Chief determined the matter to be a contested case, and, therefore, transmitted it to the Office of Administrative Law for the requested hearing, where Administrative Law Judge Stephen G. Weiss was designated to preside.

These parties through counsel began to discuss resolving the matter without conducting the hearing which had been requested and those discussions resulted in the agreement reflected in this Consent Order.

IT IS, THEREFORE, ORDERED, ON THE DAY WRITTEN BELOW THAT:

1. The charges of the Administrative Complaint that Respondent committed certain violations of the Securities Law and the Complaint's demand for relief are finally resolved in accordance with the terms and conditions of this Consent Order.

2. There are hereby made the findings set forth in Schedule A to this Consent Order which findings Respondent neither admits nor denies.

3. Respondent further consents to, and there are hereby imposed, the sanctions set forth in Schedule B to this Consent Order.

4. As provided in N.J.A.C. 1:1-19.1(d), this Consent Order is deemed the final decision in this matter with respect to Respondent.

5. This Consent Order is to be filed with the Clerk of the Office of Administrative Law and with Judge Weiss, as required by N.J.A.C. 1:1-19.1(2), as soon as practicable after it is entered.

NEW JERSEY BUREAU OF SECURITIES
By:

Franklin L. Widmann

Franklin L. Widmann, Esq., Chief

Date: September 16, 2004

I have read this Consent Order and understand its terms. I consent to its entry and agree to be bound by those terms.

Date: 8-31-04

Richard D'Ambola

The undersigned counsel for Respondent hereby consents to the form and entry of this Consent Order.

George L. Mahr
Attorney for Respondent

Date: 8/31/04

By: George L. Mahr

George L. Mahr, Esq.

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SCHEDULE A: FINDINGS

1. Respondent was registered with the Bureau of Securities as an agent of 1717 Capital Management from October, 1996 through February, 1998 and an agent of Princor Financial Services, from February, 1998 through March 1999; both are registered broker-dealers.

2. From April 1998, through December 1998, Respondent sold nine promissory notes totaling $322,000.00. Respondent did not, however, offer or sell the promissory notes through his broker-dealer.

3. Ultimately, the issuer of the notes failed to repay principal. Although the notes were guaranteed, the guarantor failed to make good, resulting in a significant loss to the purchaser.

4. The National Association of Securities Dealers ("NASD") is a self-regulatory organization within the meaning of §58(a)(2)(vi) of the Securities Law (N.J.S.A. 49:3-58(a)(2)(vi)).

5. As a result of the failures specified in paragraph 2, above, the NASD instituted a proceeding against Respondent which was resolved by Respondent's consenting, without admitting or denying any wrongdoing, to an NASD order dated April 2001, finding that his failures constituted a violation of NASD rules.

6. Respondent was assessed a fine of $7,500 by the NASD. Respondent was also suspended from association with any NASD member in any capacity for six months. Respondent was also required by the NASD to disgorge commissions earned in the total amount of $13,460.00 plus interest to five customers.

7. The promissory notes Respondent offered and sold were securities as defined in §49(m) of the Securities Law (N.J.S.A. 49:3-49(m)), the offer and sale of which are prohibited by §60 of the Securities Law (N.J.S.A. 49:3-60) unless the security is registered with the Bureau or exempt from registration.

8. Thus, Respondent violated §60 of the Securities Law (N.J.S.A. 49:3-60), because the notes he offered and sold were not registered with the Bureau or exempt from registration, with both the offer to sell and the sale of the promissory notes constituting a separate violation.

9. §56(a) of the Securities Law (N.J.S.A. 49:3-56(a)) prohibits individuals from attempting to effect or effecting the

purchase or sale of securities, i.e., acting as securities agents (see, §3-49(b) of the Securities Law (N.J.S.A. 49:3-49(b)), unless they are registered with the Bureau as agents of a broker-dealer.

10. It follows from the requirement of §56(a) (N.J.S.A. 49:3-56(a)) that an individual be registered as an agent of a broker-dealer, that he or she must offer and sell securities through such broker-dealer.

11. Thus, Respondent violated §56(a) of the Securities Law (N.J.S.A. 49:3-56(a)), because he did not effect the sale of the promissory notes through his broker-dealer, nor did he otherwise apprise his broker-dealer of his offering and selling the promissory notes, with the offer to sell and the sale of the promissory notes each constituting a separate violation.

12. §58(a)(2)(vi) of the Securities Law (N.J.S.A. 49:3-58(a)(2)(vi)) allows the Bureau Chief to suspend or revoke the registration of a securities agent who is the subject of an order of a self-regulatory organization, which order suspends or expels that agent from association with a member of that organization, provided that such order was entered less than two years from the date the Bureau Chief institutes a proceeding to suspend or revoke that agent's registration in New Jersey.

13. Thus, §58(a)(2)(vi) allows the Bureau Chief to suspend or revoke Respondent's registration because Respondent is the subject of such an order entered in October 2001 and this proceeding was begun on December 16, 2002.

14. Imposing the Securities Law sanctions of a civil monetary penalty and suspension of registration as an agent is: in the public interest, for the protection of investors and consistent with the policy and purposes intended by the Securities Law, as provided in § 67(b) thereof (N.J.S.A. 67(b)).

15. Payment of the civil monetary penalty specified in Schedule B to this Consent Order and the return of this Consent Order also specified in Schedule B, have been made, as evidenced by the attached certification of the deputy attorney general designated to act in this matter on behalf of the Attorney General of the State of New Jersey, counsel for the Bureau of Securities.

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SCHEDULE B: SANCTIONS

1. With respect to the civil monetary penalty provided for in §70.1 of the Securities Law (N.J.S.A. 49:3-70.1), taking into account that:

Respondent has been found to have committed the violations detailed in the findings of this Consent Order, and that

§70.1 sets the maximum penalty that may be assessed for the first violation at $10,000 and the maximum for violations subsequent to the first at $20,000, and that

Respondent sold 9 promissory notes,

Respondent is assessed a civil monetary penalty of $9,000.

2. Payment of the civil monetary penalty shall be made by certified check or cashier's check or a check drawn on the trust account of an attorney admitted to practice in New Jersey, to the order of the Bureau of Securities.

3. Said payment shall be made to the deputy attorney general designated to act in this matter, at his office at 124 Halsey Street, 5th Floor, Newark, New Jersey 07101.

4. Such payment shall be made with, or before, the return to said deputy attorney general, of this Consent Order executed by Respondent and his counsel, in anticipation of its entry by the Bureau Chief.

5. With respect to the sanction of suspension provided for in §58(a)(2)(vi) of the Securities Law (N.J.S.A. 49:3-58(a)(2)(vi)), taking into account that:

Respondent has been suspended from association with any NASD member in any capacity for six months, and that

Respondent has been assessed and must pay the civil monetary penalty described at paragraph 1 before this order may be entered, and has also been assessed a monetary fine of $7,500 and has been required to disgorge commissions in the amount of $13,400 plus interest by the NASD, therefore, no further suspension is warranted.

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CERTIFICATION

I hereby certify that payment of the civil monetary penalty specified in Schedule B to this Consent Order and the return of this Consent Order also specified in Schedule B, have been made.

I further certify that the statements of this certification are true. I am aware that if any of the statements is willfully false, I am subject to punishment.

Date:_____

By: _____
John P. Miscione
Deputy Attorney General