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ATTORNEY GENERAL OF NEW JERSEY
Division of Law
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Newark, New Jersey 07102

By: Anna M. Lascurain
Deputy Attorney General
(973) 648-3730
STATE OF NEW JERSEY

IN THE MATTERS OF:

DAVID L. CIANO
(CRD#2174074)

Respondent.

ADMINISTRATIVE
CONSENT ORDER AS TO
DAVID L. CIANO

Pursuant to the authority granted to Amy Kopleton, Acting 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"), including N.J.S.A. 49:3-58 and N.J.S.A. 49:3-70.1, and certain regulations, and based on a review of the relevant facts, including documents 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 interest of preserving resources and without prejudicing

the public interest, and David L. Ciano ("Ciano") agrees to resolve any and all issues in controversy in this matter on the terms set forth in this Administrative Consent Order ("Consent Order").

WHEREAS, the Bureau is the State agency with the responsibility to administer and enforce the Securities Law; and

WHEREAS, N.J.S.A. 49:3-67 authorizes the Bureau Chief from time to time to issue such Orders as are necessary to carry out the provisions of the Securities Law, upon a finding that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the provisions of the Securities Law; and

WHEREAS, the Bureau has conducted an investigation into certain activities occurring in the Woodcliff Lake, New Jersey branch office of NFP Securities Inc. and Royal Alliance Associates Inc. during the period of July 2004 through April 2010 where Ciano was registered as an agent and investment adviser representative and acted as a supervisor; and

WHEREAS, Ciano and the Bureau Chief wish to resolve these issues without the expense and delay that formal administrative proceedings would involve; and

WHEREAS, Ciano consents to the form and entry of this Consent Order. Accordingly, Ciano waives the following rights:

- a. To be afforded an opportunity for hearing on the Bureau Chief's findings and conclusions of law in this Consent Order after reasonable notice within the meaning of N.J.S.A. 49:3-58(c)(2); and
- b. To seek judicial review of, or otherwise challenge or contest, the validity of this Consent Order; and

WHEREAS, Ciano agrees that for the purposes of settling this matter, or any future proceedings by the Bureau, this Consent Order shall have the same effect as if proven and ordered after a full hearing held pursuant to N.J.S.A. 52:14B-1 et seq.; and

WHEREAS, this Consent Order concludes the investigation by the Bureau Chief and any civil or administrative action that could be commenced, pursuant to the Securities Law, on behalf of the Bureau Chief, as it relates to seeking civil monetary penalties or other relief against Ciano for the conduct described herein.

FINDINGS OF FACT

1. David Louis Ciano (CRD# 2174074), residing in Hawthorne, New York, has been registered with the Bureau as an agent and/or investment adviser representative since approximately 1992. From February 2001 until September 2008, Ciano was registered with the Bureau as an agent and from October 2005 until September 2008 as an investment adviser representative of NFP Securities

Inc. ("NFP"). From May 2006 through September 2008, Ciano was the Person-in-Charge at the NFP branch. From September 2008 until April 2010, Ciano was registered with the Bureau as an agent and an investment adviser representative of Royal Alliance Associates, Inc. ("Royal Alliance"). Ciano is currently registered with the Bureau as an investment adviser representative of Kolinsky Wealth Management, LLC.

2. Steven Kolinsky (CRD# 1090913), residing in Upper Saddle River, New Jersey, was registered with the Bureau as an agent and/or investment adviser representative since approximately 1993. Relevant registrations include:

- a. NFP (CRD# 42046): Feb. 2001 - Jun. 2008, agent; Oct. 2005 - Jun. 2008, investment adviser representative;
- b. Royal Alliance (CRD# 23131): Jun. 2008 - Apr. 2010, agent and investment adviser representative; and
- c. Kolinsky Wealth Management, LLC (CRD# 153763): Jun. 2010 - Nov. 2010, investment adviser representative.

3. Stephen Elliot Hill (CRD# 2202940), residing in Upper Saddle River, New Jersey, was registered with the Bureau as an agent and/or investment adviser representative since approximately 1993. Relevant registrations include:

a. NFP: Feb. 2001 - Sept. 2008, agent; Oct. 2005 -
Sept. 2008, investment adviser representative; and

b. Royal Alliance: Sept. 2008 - Apr. 2010, agent and
investment adviser representative.

4. Kolinsky-Hill Financial, a New Jersey Corporation providing money management services and insurance sales, maintained its principal office at 50 Tice Blvd., Atrium Level, Woodcliff Lake, New Jersey. Kolinsky and Hill have been business partners since approximately 1991 and were Kolinsky-Hill Financial's only members. From approximately March 2001 to August 2008, Kolinsky-Hill Financial operated the branch of NFP whose employees included Kolinsky, Hill, and Ciano. Then, from approximately August 2008 to April 2010, Kolinsky, Hill, and Ciano switched their registered affiliation and operated as a branch of Royal Alliance.

5. On or about October 3, 2008, Stephen Hill ("Hill") solicited a client, C.F., to invest \$103,000 in Snap-On Smile, an unapproved security. Relying upon the conversation with Hill, C.F. agreed to invest \$103,000.

6. Although C.F. had only agreed to invest \$103,000, Hill caused three transfers totaling approximately \$1,800,000 to be made from C.F.'s accounts to a Snap-On Smile subsidiary, SOS OPCO's bank account.

7. On October 3, 2008, Hill directed Ciano to make the transfers of C.F.'s money. To effectuate the transfers, Ciano e-mailed C.F.'s accountant, who had authorization over C.F.'s funds, and directed the accountant's office to transfer \$103,000 to SOS OPCO's bank account. Upon reliance of Ciano's e-mail, C.F.'s accountant transferred \$103,000 from C.F.'s bank account to an SOS OPCO bank account.

8. Within hours of the request to transfer \$103,000 and without C.F.'s permission, Ciano coordinated the processing and submitted to Royal Alliance two additional requests for transfer of funds to be sent to Pershing LLC ("Pershing"), Royal Alliance's clearing firm.

9. The first request for transfer of funds ("First Request") Ciano coordinated was addressed to Pershing from C.F., and directed Pershing to transfer \$220,000 from C.F.'s account to SOS OPCO's bank account. Although the First Request for transfer purported to contain C.F.'s original signature, the signature was copied and applied without C.F.'s authorization, from a Kolinsky-Hill Financial file. Ciano sent the First Request to Royal Alliance's operations department which then forwarded the falsified transfer instruction to Pershing. Upon reliance of the falsified document, Pershing transferred \$220,000 from C.F.'s Royal Alliance account ending in 6917 to SOS OPCO's bank account.

10. On October 3, 2008, Ciano also coordinated a second request for transfer of funds ("Second Request") addressed to Pershing from "C.F." for \$1,477,000 and also directed Pershing to transfer the funds from C.F.'s account ending in 3587 to SOS OPCO's bank account. The Second Request was returned requiring a Medallion Signature Guarantee.

11. The Medallion Signature Guarantee is an industry-accepted document certification to convey that the customer signature is authentic.

12. Ciano notified Hill of the Medallion Signature Guarantee requirement. Ciano, aware that C.F. had not been in the office that day, gave the Second Request to Kolinsky's secretary for a Medallion Signature Guarantee. Kolinsky was the only person in the branch authorized to execute a Medallion Signature Guarantee. Although Kolinsky was not in the office that day, a Medallion Signature Guarantee was on the transfer form when Ciano received the Second Request back.

13. Ciano then resent the Second Request containing the Guarantee to Royal Alliance's operations department which forwarded it to Pershing. Pershing then transferred \$1,477,000 from C.F.'s Royal Alliance account to SOS OPCO's bank account.

14. C.F. was not aware that \$1.8 million was transferred from his accounts to Snap-On Smile.

CONCLUSIONS OF LAW

Solely for the purpose of this Consent Order, and without admitting or denying the Findings of Fact and Conclusions of Law, Ciano consents to the Bureau Chief making the following Conclusions of Law:

I.

Ciano Failed to Reasonably Supervise
N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(xi)

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

16. Ciano failed to supervise branch agents of Royal Alliance in a manner reasonably designed to prevent and detect violations of the Securities Law and of the firms' policies and procedures, including that he failed to act or prevent the forwarding of false or misleading transfer instructions to another registered entity or investigate known red flags for potential securities violations.

17. This failure to supervise is grounds, pursuant to N.J.S.A. 49:3-58(a)(2)(xi), to deny, suspend, or revoke the agent and investment adviser representative registrations of Ciano.

II.

CIANO ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE
SECURITIES BUSINESS
N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(vii)

18. The preceding paragraphs are incorporated by reference as

though set forth verbatim herein.

19. Ciano engaged in dishonest and unethical practices in the securities business by including, but not limited to the following:

a. coordinating and then submitting to Royal Alliance two requests for transfer of funds with falsified signatures; and

b. by requesting a Medallion Signature Guarantee of C.F.'s signature when he believed that C.F. had not signed the document as required.

20. These activities set forth herein are dishonest and unethical practices which are grounds, pursuant to N.J.S.A. 49:3-58(a)(2)(vii), to deny, suspend, or revoke the agent and investment adviser representative registrations of Ciano.

III.

CIANO CAUSED FALSE RECORDS OF THE FIRM TO BE CREATED AND SUBMITTED
N.J.S.A. 49:3-52(a), N.J.S.A. 49:3-58(a)(1), N.J.S.A. 49:3-58(a)(2)(ii)

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

22. Pursuant to N.J.S.A. 49:3-52(a): "It shall be unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly (a) to employ any device, scheme, or artifice to defraud."

23. Ciano caused the firm's books and records as required under N.J.S.A. 49:3-59(b) to be false, including creating and/or accepting false transfer documents.

24. The activities as set forth herein are violations of N.J.S.A. 49:3-52(a), which are grounds, pursuant to N.J.S.A. 49:3-58(a)(2)(ii), to deny, suspend, or revoke the agent and investment adviser representative registrations of Ciano.

25. The activities set forth herein are grounds, pursuant to N.J.S.A. 59:3-70.1, to assess a monetary penalty of \$10,000 for the first violation and \$20,000 for each subsequent violation of the Securities Law.

THEREFORE, based on the foregoing Findings of Fact and Conclusions of Law, and a finding that this Consent Order is in the public interest,

IT IS on this 17th day of May 2011, **AGREED THAT:**

1. Ciano consents to a prohibition from acting in any supervisory capacity for any broker-dealer or investment adviser as defined by N.J.S.A. 49:3-47 et seq while located in New Jersey or from supervising a person registered with the Bureau. Ciano may have ownership in an investment advisory firm.
2. Ciano shall cease and desist from any further violation of the Securities Law.

3. If Ciano applies for agent registration with the Bureau and his application is accepted, his registration will be restricted with a Heightened Supervision Agreement. The Heightened Supervision Agreement shall be required to be signed by the employing firm, the supervisor and Ciano. The terms of the Heightened Supervision Agreement, shall include, but not be limited to the following:

- a. Ciano shall receive strict supervision as an agent by a qualified employee of the firm, who shall not be directly compensated by Ciano, or any entity under his direction, authority, or control;
- b. Ciano shall not exercise any discretionary authority in a customer account;
- c. Ciano shall not have any legal or beneficial ownership interest, nor exercise any direct or indirect involvement in the direction or control of any broker-dealer or investment adviser or branch office thereof, however, nothing herein shall prohibit him from sharing profits generated from activities of the branch office;
- d. Ciano shall not transact the sale of any private placements and security, unless that security is exempt from registration in New Jersey pursuant to N.J.S.A. 49:3-50(a)(8), e.g., it is listed on the New

York Stock Exchange, the American Stock Exchange, the Nasdaq/Global Select Market, Nasdaq /Capital Market, Nasdaq/ Global Market, the Philadelphia Stock Exchange Tier 1 Securities, the Pacific Stock Exchange Tier 1 Securities, the Chicago Board Options Exchange, or the Chicago Stock Exchange equities or compliance department of Ciano's employing broker-dealer has approved the private placement to be sold firm-wide;

e. Ciano shall not maintain any joint brokerage and/or commission accounts with any other agent or investment adviser representative, or be permitted to share commissions with any individual other than as provided by law or regulatory authority.

4. Ciano is assessed a civil monetary penalty in the amount of \$7,500 pursuant to N.J.S.A. 49:3-70.1, to be paid in installments of \$1,000 on the 1st of each month with the first payment of \$1,500 due on May 15, 2011. The civil monetary penalty payment shall be deposited in the Securities Enforcement Fund, pursuant to N.J.S.A. 49:3-66.1.

GENERAL PROVISIONS

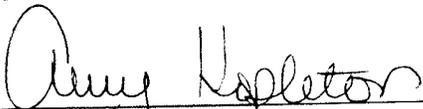
5. Pursuant to N.J.A.C. 1:1-19.1(d) this Consent Order shall be deemed the final decision as to Ciano.

6. Ciano shall cooperate fully and promptly with the Bureau and the Office of the Attorney General in any pending or

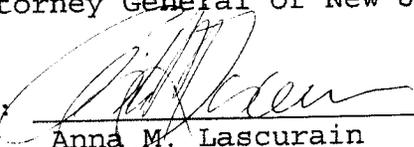
subsequently initiated inquiry, investigation, proceeding or other process relating to the subject of this Consent Order, which shall, without respect to registration status with the Bureau, voluntarily include production of documents, appearance at times and locations requested by the Bureau, and disclosure of any information relevant to the subject matter of the Consent Order. Failure to perform under the conditions of this Consent Order shall be deemed a failure to cooperate under the Securities Law, and/or entitle the Bureau to specific performance, and any other available remedies.

7. Nothing in this Consent Order is intended to limit or supersede any authority or remedy available to the Bureau Chief under the Securities Law.
8. No employee or official of, or person representing, the Bureau or the State of New Jersey has made any additional promise or representation to the Ciano regarding this Consent Order.
9. This Consent Order shall not bind any person not a party thereto. Each of the undersigned has read this Consent Order, understands it, and agrees to be bound by its terms.
10. Ciano agrees that for purposes of this matter or future proceedings to enforce this Consent Order that this Consent Order shall have the same effect as if proven and ordered after a full hearing pursuant to N.J.S.A. 52:14B-1 et seq.

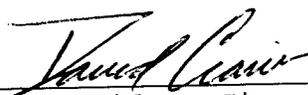
NEW JERSEY BUREAU OF SECURITIES

BY: 
Amy Kopleton
Acting Bureau Chief

PAULA T. DOW
Attorney General of New Jersey

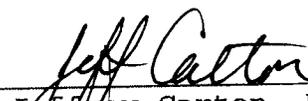
By: 
Anna M. Lascurain
Deputy Attorney General

Dated: 5/17/2011


Mr. David L. Ciano

Dated: 05/19/2011

The undersigned counsel for
David L. Ciano consents to the
form and entry of this
Consent Order.

By: 
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Carton and Eberz
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Dated: 5/11/11