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OFFICE OF THE ATTORNEY GENERAL
BUREAU OF SECURITIES
STATE OF NEW JERSEY
153 Halsey Street
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Newark, New Jersey 07102

IN THE MATTER OF:

JEFFREY GRIFFIN
(CRD #3232749) and
TRICEP TRADING, LLC

NEW JERSEY OFFICE OF
ADMINISTRATIVE LAW
Docket No. BOS 00557-2013 N

**ADMINISTRATIVE CONSENT ORDER
AS TO JEFFREY GRIFFIN AND
TRICEP TRADING LIMITED
LIABILITY COMPANY**

RESPONDENTS.

This matter was commenced by the issuance of a Summary Order and Penalty Assessment ("Summary Order") issued by the Chief of the New Jersey Bureau of Securities, Abbe R. Tiger (the "Bureau" or "Bureau Chief"), on June 14, 2012, against Jeffrey D. Griffin ("Griffin") and Tricep Trading, LLC ("Tricep") (collectively "Respondents"), setting forth violations of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. ("Securities Law"), and summarily assessing Respondents a civil monetary penalty in the amount of \$283,000.00, revoking Griffin's agent registration in New Jersey, denying Respondents all exemptions in N.J.S.A. 49:3-50, subsections (a) paragraphs 9, 10, 11 and

subsection (b), and revoking, with respect to the Respondents, the exemptions to 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(f).

Griffin, at the time *pro se*, requested a hearing and, as such, the matter was transmitted by the Bureau to the Office of Administrative Law on January 9, 2013. On February 8, 2013, Edward J. Dimon, Esq. submitted a letter of representation on behalf of Respondents. The Bureau and Respondents now desire to settle this matter under the full terms of the settlement in this Administrative Consent Order (“Consent Order”) pursuant to N.J.A.C. 1:1-19.1.

FINDINGS OF FACTS AND CONCLUSIONS OF LAW

The Bureau Chief makes the following findings of fact and conclusions of law, which Respondents neither admit nor deny:

1. Griffin (CRD No. 3232749) is a New Jersey resident who resides in Toms River, New Jersey.
2. Griffin was registered with the Bureau as an agent of various broker-dealers since approximately May 2000 through February 27, 2012. He was most recently registered with the Bureau as an agent of National Securities Corporation (CRD #7569) (“National”), from November 11, 2003 to December 23, 2010, and again from September 7, 2011 to February 27, 2012.
3. Tricep Trading, LLC (“Tricep”) was as a New Jersey limited liability corporation whose office was located in Toms River, New Jersey.
4. Tricep has never been registered with the Bureau in any capacity.
5. Griffin was the sole member and owner-operator of Tricep, and controlled Tricep’s bank account.

6. Dimension Trading Group, LLC (CRD #147929) (“Dimension Trading”), which is not a respondent in this matter, has a main office in New York, New York, and has never been registered with the Bureau.¹

7. From January 2011 into August 2011, Griffin was a Class B Member of Dimension Trading with the title of “Trader/Associated Person.” Griffin was not registered with the Bureau while at Dimension Trading.

8. From August 2010 to November 2010, Respondents offered to trade securities on behalf of at least four New Jersey investors

9. To effectuate Respondents’ offer, Respondents sold securities in the form of investment contracts entered between Respondents and four New Jersey investors, who gave Respondents a total of approximately \$474,000.

10. Griffin deposited and commingled approximately \$474,000 of the New Jersey investors’ funds into Tricep’s bank account.

11. The Tricep Investment Contracts were not registered with the Bureau nor were they exempt from registration.

12. In connection with the offer and sale of the Tricep Investment Contracts, Respondents made untrue statements of material fact as well as omitted material information, as stated below.

¹ Dimension Trading is a non-FINRA member broker-dealer that does not offer brokerage services to customers and claims to be exempt from state broker-dealer registration requirements. Dimension Trading is a proprietary trading firm. Dimension Trading has been registered with the Securities and Exchange Commission, currently pending withdrawal, and registered as a member of the Chicago Board Options Exchange (the “CBOE”) Stock Exchange (CBSX) from September 3, 2008 to March 28, 2012.



Tricep Investors

Investor F.C.

13. On or about August 17, 2010, Griffin obtained \$100,000 from F.C., one of his prior clients at National. F.C. believed that his money would be deposited at National for trading purposes.

14. Griffin failed to disclose to F.C. that the \$100,000 check would be deposited in Tricep's bank account.

Investor P.J.

15. In November 2010, another prior client of Griffin's from National, L.R., introduced Griffin to P.J. Griffin paid L.R. at least \$2,000 as a finder's fee for soliciting P.J.

16. In November and December 2010, P.J. provided Respondents two checks totaling \$324,000 to be invested in Tricep.

17. Griffin told P.J., among other things, that Respondents would invest in business, such as fruit stands, golf courses, real estate, or other things of that nature.

18. Griffin failed to disclose to P.J. that her investment accounted for over eighty-six (86) percent of Tricep's capital and that this overconcentration subjected P.J. to an extraordinary amount of risk not shared by other investors.

Investor M.H.

19. Griffin told M.H. that Tricep was a new division within National, which Griffin would "head up," and that the investments were "hedge fund type" investments.

20. In November 2010, M.H. wrote a \$25,000 check to Tricep, which was deposited in its bank account.

21. M.H. would not have invested with Respondents had he known Tricep was not associated with National.

Griffin's Misuse of Investors' Funds

22. On January 7, 2011, \$135,000 of investor funds were withdrawn from the Tricep bank account and deposited in Griffin's personal bank account. From that amount, \$125,000 was then wire transferred to Dimension Trading, and was subsequently used to pay trading fees or lost in trading.

23. Griffin misused approximately \$283,000 of the money raised from investors for his personal benefit by, among other things:

- a. spending investor funds on:
 - i. clothing and accessories, including designer items;
 - ii. meals and entertainment;
 - iii. groceries;
 - iv. gasoline;
 - v. hotels;
 - vi. car rental;
 - vii. jewelry;
 - viii. electronics; and
 - ix. dental and vision care;
- b. transferring investor funds to his personal bank account;
- c. withdrawing investor funds as checks, and in at least one instance, writing a check to cash that was endorsed by Griffin's then fiancé; and
- d. withdrawing investor funds as cash.



24. In August 2011, Respondents sent investors a letter stating that Tricep was closing due to a loss of principal. By August 2011, Respondents had returned approximately \$66,000 to two investors, with two other investors never receiving any payments or distributions, and the remaining \$408,000 having been spent by Griffin on personal expenses, business expenses, or lost in trading.

Tricep Authorization Agreement

25. The Tricep Authorization Agreements did not specifically disclose how much money Griffin would take as compensation, only noting that Griffin may receive compensation despite clients losing all or substantial portions of their investments.

26. On an infrequent basis, Griffin provided investors with account statements, which only contained information regarding the investor's initial balance minus returned money.

27. At one point, on the back of these infrequent statements, Griffin included small fine print that stated, "Prospectus: an unlimited percentage of the investment in the Limited Liability Company will be used for daily and living expenses, personal and business."

28. Respondents failed to disclose to investors that "an unlimited percentage of the investment" could be used for personal expenses.

Dimension Trading

29. As a "Trader/Associated Person" at Dimension Trading from January 2011 to August 2011, Griffin could make securities trades on behalf of Dimension Trading, in accordance with Dimension Trading's rules, procedures and limitations.

30. Dimension Trading is a proprietary trading firm and, therefore, did not require Griffin to register with the Bureau because its rules only permit members to trade with their own capital in Dimension Trading's account.

31. Dimension Trading's Written Supervisory Procedures prohibit any associated person or employee from:

- a. accepting third-party investments to fund trading activity at Dimension Trading;
- b. disbursing funds to a third-party as profits for a contribution made to the trade or a corporate entity owned or managed by the associated trader; and
- c. sharing profits or losses in a proprietary account with a non-associated third party.

32. On December 31, 2010, Griffin signed, via e-signature, a document titled "Dimension Trading Group, LLC . . . Agreement to Abide by the Company's Written Policies and Procedures and Operating Agreement," indicating that he had read and understood the written policies and procedures of Dimension Trading and agreed to strictly abide by all requirements therein stated.

33. Griffin failed to disclose to Dimension Trading that he was trading third-party funds in his Dimension Trading account.

34. Griffin failed to disclose to investors that he was prohibited from trading third-party funds with Dimension Trading, prohibited from disbursing third-party profits, and prohibited from sharing profits and losses in his proprietary account.

35. On December 31, 2010, Griffin signed, via e-signature, the "Dimension Trading Group, LLC, Initial and Annual Outside Activity & Insider Disclosure Statement" (the "Dimension Disclosure Statement"). In the Outside Affiliations section of the Dimension Disclosure Statement, Griffin answered that there were (a) no other businesses in which he was



engaged, (b) no other entities in which he was employed or received compensation, and (c) no other business organizations in which he was officer, director, partner or employee.

36. The Dimension Disclosure Statement also required that Griffin describe any interests in any securities, financial or kindred businesses, to which Griffin responded “N/a.” In the Certification section of the Dimension Disclosure Statement, in response to the question, “Do you have any outside business activities to report?” Griffin answered, “No”. However, Griffin had been soliciting investors and operating Tricep since August 2010.

37. At all relevant times, the Dimension Trading Written Supervisory Procedures included an Outside Business Activity Policy, which stated that, “[i]f an... individual associated with a Class B Member entity is engaged in outside business activity at the time of submitting an application and/or registration through [Dimension Trading], all outside activity must be ceased and [Dimension Trading] must get evidence that the activity has stopped before business can be conducted at [Dimension Trading].” Griffin did not cease activity with Tricep, nor did Griffin report such activity to Dimension Trading.

38. On January 4, 2011, Dimension Trading submitted a Form U-4, Uniform Application for Securities Industry Registration or Transfer, on Griffin’s behalf (the “Form U-4”). Question 13 of the Form U-4, titled “Other Business”, required disclosure as to whether the applicant is “currently engaged in any other business” Griffin answered that he was not engaged in outside business activities, and certified that the information in the Form U-4 was correct. However, Griffin had been soliciting investors and operating Tricep since August 2010.

39. Schedule C, Addendum Signature Page to the Operating Agreement of Dimension Trading, which Griffin signed on January 4, 2011, clearly states that any capital invested through Dimension Trading was subject to a one year capital account contribution lockup period imposed



under SEC Rule 15c3-1. Griffin, however, did not notify investors regarding this capital contribution lockup requirement in connection with Griffin's Dimension Trading activities.

40. Pursuant to N.J.S.A. 49:3-58(a)(2)(ii), 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 . . . "has willfully violated or willfully failed to comply with any provisions of this act or any rule or order authorized by this act or has willfully, materially aided others in such conduct."

41. Based on the foregoing conduct, Griffin engaged in conduct described at N.J.S.A. 49:3-58(a)(2)(ii) as follows:

- a. Respondents made materially false and misleading statements and/or omissions in violation of N.J.S.A. 49:3-52(b);
- b. Respondents engaged in a practice or course of conduct which operated as a fraud or deceit upon investors in violation of N.J.S.A. 49:3-52(c);
- c. Griffin unlawfully acted as an agent in representing Tricep in effecting or attempting to effect transactions in securities from or in New Jersey without being registered with the Bureau in violation of N.J.S.A. 49:3-56(a).
- d. Tricep unlawfully employed Griffin as an agent in effecting or attempting to effect transactions in securities from or in New Jersey without being registered with the Bureau in violation of N.J.S.A. 49:3-56(a).
- e. Respondents sold securities that were not registered with the Bureau in violation of N.J.S.A. 49:3-60.



42. The above-described conduct on the part of Griffin constitutes additional grounds to revoke his registration pursuant to N.J.S.A. 49:3-58(a)(2)(vii), so long as it is in the public interest to do so.

43. It is in the public interest to enter this Consent Order.

THEREFORE, IT IS on this 11TH day of JUNE, 2013, **ORDERED and AGREED** that:

1. Griffin's registration with the Bureau as an "agent" is revoked.
2. Griffin is barred from association in any capacity with any broker-dealer or investment adviser conducting business in New Jersey.
3. Respondents are denied all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b), and 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).
4. Respondents are jointly and severally assessed and shall pay a civil monetary penalty, pursuant to N.J.S.A. 49:3-70.1, in the sum of \$125,000.
5. Payment shall be due and payable upon entry of this Consent Order by attorney trust fund account check, certified check or other guaranteed funds, made payable to the "Bureau of Securities, State of New Jersey" and delivered to the attention of the Bureau Chief, at the following address: New Jersey Bureau of Securities, 153 Halsey Street, 6th Floor, Newark, New Jersey 07101;
6. This Consent Order supersedes the Summary Order entered by the Bureau Chief on October 24, 2012, with the docket number DJ 231257-12.

ADDITIONAL PROVISIONS

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

8. This Consent Order shall not bind any person not a party hereto. Each of the undersigned has read this Consent Order, understands it, and agrees to be bound by its terms.

9. Respondents consent to the entry of this Consent Order and voluntarily waive an opportunity for a hearing after reasonable notice within the meaning of N.J.S.A. 49:3-58(c)(2).

10. No employee, official of or person representing the Bureau or the State of New Jersey has made any additional promise or representation to Jeffrey Griffin regarding this Consent Order.

11. Nothing contained herein shall in any manner be construed to limit or affect any position that the Bureau or any other governmental agency may take in any future or pending action not specifically encompassed herein.

12. This Consent Order may be signed in counterparts, each of which shall be deemed an original

13. The Bureau Chief has entered into this Consent Order in reliance on Respondents' representation that they will not effect or attempt to effect transactions in securities from or within New Jersey, or otherwise violate the Securities Law. In the event Respondents act in contravention to this representation, the Bureau Chief may vacate this Consent Order and take further action against Respondents under the Securities Law.

14. The civil monetary penalty has been reduced by the Bureau Chief in reliance on Jeffrey Griffin's representation to the Bureau Chief as to his financial condition. In the event Jeffrey Griffin's representation proves to not be a true and accurate representation of his

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financial condition, the Bureau Chief may vacate this Consent Order and take further action against Respondents under the Securities Law.

15. This Consent Order is to be filed with the Clerk of the Office of Administrative Law, as required by N.J.A.C. 1:1-19.1(c)(2), as soon as practicable after it is fully executed.



ABBE R. TIGER
BUREAU CHIEF

CONSENT TO THE FORM, CONTENT
AND ENTRY OF THE ABOVE ORDER:

JEFFREY S. CHIESA
ATTORNEY GENERAL OF NEW JERSEY

By: 

Martin B. Gandelman
Deputy Attorney General

Dated: 6/10/13

Respondent Jeffrey D. Griffin

By: 

Jeffrey D. Griffin

Dated: 6/5/13



Carluccio, Leone, Dimon, Doyle & Sacks
9 Robbins Street
Toms River, NJ 08753
Attorney for Respondent Jeffrey D. Griffin

By: 
Edward J. Dimon, Esq.

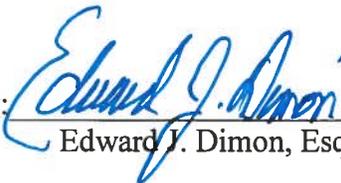
Dated: 6/6/13

Respondent Tricep Trading, LLC

By: 
Jeffrey D. Griffin, Managing Member

Dated: 6/5/13

Carluccio, Leone, Dimon, Doyle & Sacks
9 Robbins Street
Toms River, NJ 08753
Attorney for Respondent Tricep Trading, LLC

By: 
Edward J. Dimon, Esq.

Dated: 6/6/13

