



3. Centaurus has been registered with the Bureau as a broker-dealer since 1993 and has a main address of 2300 E. Katella Avenue, Suite 200, Anaheim, CA 92806.

4. Centaurus discharged Saviano on or about June 11, 2012 for failing to notify the firm of unsatisfied state tax liens and civil judgments, as well as failing to maintain an accurate Form U4.

5. On June 26, 2012, Centaurus filed a Form U5 Amendment on CRD reporting that Saviano had borrowed money from a client, in violation of firm policy and FINRA rules. Saviano was already under heightened supervision by Centaurus for receiving loans from other clients.

#### **Saviano Borrowed Money from Clients**

6. During Saviano's registration with Centaurus, Centaurus' Written Supervisory Procedures included a section titled "Loans Between Registered Persons and Customers," which contained a prohibition on loans from clients to agents, absent special circumstances.

7. Included among such special circumstances were "lending arrangements ... based on a personal or business relationship outside of the broker-customer relationship." A "prior written request to and approval from Compliance" was required before an agent could receive approval under these special circumstances, and "only upon such written approval [could] the registered individual engage in the lending or borrowing arrangement."

8. Between October 2010 and January 2012, Saviano executed at least three promissory notes to borrow a total of \$70,000 from Client A, a Centaurus client on whose account Saviano served as the agent.

9. On December 10, 2010, Saviano executed a promissory note to borrow \$47,000 from Client B, a Centaurus client on whose account Saviano served as the agent.

10. In February and March 2012, Saviano executed at least two promissory notes to borrow a total of \$54,000 from Client C, a Centaurus client on whose account Saviano served as the agent.

11. Saviano did not disclose he was borrowing money from clients to Centaurus or seek written approval from the firm's compliance department prior to borrowing the money.

12. On May 15, 2013 Centaurus issued a Formal Written Warning to Saviano of his failure to follow Centaurus' policies and procedures and FINRA Rules with respect to borrowing money from clients. The Formal Written Warning explained, among other things, that this requirement is a "standard in the securities industry" and additional failures to follow Centaurus' policies and procedures and/or regulatory requirements will result in further disciplinary action which may include termination. Saviano acknowledged and agreed to the Formal Written Warning on May 21, 2012.

13. Additionally, on May 15, 2012, Centaurus placed Saviano under heightened supervision for borrowing money from clients in contravention of Centaurus policies and procedures and FINRA Rule 2010. Saviano acknowledged and agreed to the Heightened Supervision Plan on May 21, 2012.

14. Sometime thereafter Centuarus received a complaint from the daughter of an eighty-seven year old client of Saviano. The daughter, who had a Power of Attorney over her mother's financial matters, complained that her mother sent a bank check to Saviano for the balance of the mother's bank account. Centaurus received a copy of the May 31, 2012

\$63,439.14 check as well as the bank statement indicating the withdrawal on May 31, 2012 and a zero balance.

15. On June 26, 2012, Centaurus reported to CRD on a Form U5 Amendment that Saviano had borrowed money from a client despite knowing that it was a violation of firm and FINRA policy. Centaurus further reported that this had occurred after Saviano had already been disciplined and placed under heightened supervision for borrowing money from clients.

#### **Saviano's Undisclosed Tax Liens and Civil Judgments**

16. Pursuant to N.J.A.C. 13:47A-3.1, “[a]ny person desiring to act in the State of New Jersey as an agent of a broker-dealer registered in New Jersey via the CRD shall file an application for registration as an agent with the CRD on the Form U4...”

17. Item 14(m) of the Form U4, which is to be filed through the Central Registration Depository, asks “[d]o you have any unsatisfied judgments or liens against you?” In addition, the Form U4 disclosure pages request information about the liens or judgments, including the authority that entered the lien, the amount of the lien, the date of entry of the lien, and whether the lien was later satisfied. Where any changes occur to answers previously reported, individuals are required “to update [Form U4] by causing an amendment to be filed on a timely basis.”

18. Similarly, N.J.A.C. 13:47A-3.2 requires that:

[a] registered agent shall file an amendment with the CRD, by filing or updating a Form U4...whenever a change in the answers on his or her original application for registration occurs, as to...judgments, or to any other information contained in answer to Item 14 and the Disclosure Reporting Page of the Form U4...The

amendment(s) must be filed within 30 days of the occurrence of the identified therein...

19. Despite the requirement that he amend his Form U4 within 30 days of the entry of any unsatisfied judgments or liens, and his Form U4 having been updated numerous times between June 2008 and June 2012, Saviano failed to disclose the existence of liens or judgments, including the following:

- a) On June 23, 2008, the Superior Court of New Jersey entered a small claims judgment against Saviano in the amount of \$3,000.00 for failure to pay dental bills, which was docketed on August 20, 2008 (DJ 195414 08).
  - b) On September 17, 2009, the New Jersey Division of Taxation entered a state tax lien against Saviano in the amount of \$60,000.00 for failure to pay state income tax, which was docketed on September 17, 2009 (DJ 222151 09).
  - c) On January 27, 2010, the Superior Court of New Jersey entered a civil judgment against Saviano in the amount of \$2,827.30 for failure to make payments on a credit card account, which was docketed on March 27, 2010 (DJ 088159 10).
  - d) On January 13, 2011, the New Jersey Division of Taxation entered a state tax lien against Saviano in the amount of \$7,157.09 for failure to pay state income tax, which was docketed on January 13, 2011 (DJ 016647 11).
20. Each of the aforementioned judgments and liens remains unsatisfied.

## CONCLUSIONS OF LAW

### Saviano Engaged In Dishonest or Unethical Business Practice in the Securities Business by Borrowing Money from his Clients

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)

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

22. Pursuant to N.J.S.A. 49:3-58:

[t]he 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 . . . (vii) has engaged in dishonest or unethical practices in the securities, commodities, banking, insurance or investment advisory business...

23. 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., specifically in N.J.S.A. 49:3-58(a)(2)(vii), shall include (42.) Borrowing money or securities from a client unless the client is a broker-dealer, an affiliate of an investment adviser, or a financial institution engaged in the business of loaning funds...

24. By borrowing money from several clients, Saviano engaged in dishonest and unethical practices in the securities business. This is cause pursuant to N.J.S.A. 49:3-58(a)(2)(vii), to revoke Saviano’s registration.

25. Based upon the foregoing, and pursuant to N.J.S.A. 49:3-58(a)(1), the revocation of Saviano's registration as an agent is in the public interest.

**Saviano Engaged In Dishonest or Unethical Business  
Practice in the Securities Business by Violating FINRA Rule 3240**

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)

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

27. 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., specifically in N.J.S.A. 49:3-58(a)(2)(vii), shall include ... (28.) failing to comply with any applicable provision of the Conduct Rules of FINRA or any applicable fair practice or ethical standard promulgated by the SEC or by a self-regulatory organization which related to honesty and fair dealings and just and equitable principles of trade.

28. FINRA Rule 3240 prohibits registered persons of broker-dealers from borrowing money from or lending money to a client.

29. By taking loans from clients in violation of FINRA Rule 3240, Saviano engaged in dishonest and unethical practices in the securities business. This is cause pursuant to N.J.S.A. 49:3-58(a)(2)(vii), to revoke Saviano's registration.

30. Based upon the foregoing, and pursuant to N.J.S.A. 49:3-58(a)(1) the revocation of Saviano's registration as an agent is in the public interest.

**Saviano Engaged in a Dishonest and Unethical Business  
Practice in the Securities Business by Failing to Disclose Tax  
Liens and Civil Judgments**

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

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

32. Saviano acted dishonestly and unethically when he failed to disclose his state tax liens and civil judgments on an amended Form U4. This is cause pursuant to N.J.S.A. 49:3-58(a)(2)(vii), to revoke Saviano's registration.

33. Based upon the foregoing, and pursuant to N.J.S.A. 49:3-58(a)(1) the revocation of Saviano's registration as an agent is in the public interest.

**Saviano Made False or Misleading Filings with the Bureau**

N.J.S.A. 49:3-54  
N.J.S.A. 49:3-70.1

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

2. Pursuant to N.J.S.A. 49:3-54:

[i]t is unlawful for any person to make or cause to be made, in any document filed with the bureau...any statement which is, at the time and in the light of the circumstances under which it is made, false or misleading in any material respect.

3. Saviano failed to disclose he had unsatisfied judgments and liens against him by failing to file a timely amendment and failing to report them at all. Such actions constitute

violation of N.J.S.A. 49:3-54, by constituting a false filing with the Bureau. This is cause pursuant to N.J.S.A. 49:3-70.1 to issue monetary penalties.

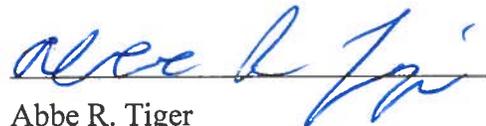
**CONCLUSION**

On the basis of the Findings of Fact and Conclusions of Law stated above,

**IT IS** on this 10<sup>th</sup> DAY of July 2013

**ORDERED** that the agent registration of Saviano be **REVOKED**; and it is further

**ORDERED** that Saviano is hereby assessed a civil monetary penalty in the amount of \$20,000, payable to the Bureau upon execution of this Order to “State of New Jersey, Bureau of Securities,” 153 Halsey Street, 6<sup>th</sup> Floor, Newark, NJ 07102. The civil monetary penalty shall be deposited into the Securities Enforcement Fund pursuant to N.J.S.A. 49:3-66.1.



Abbe R. Tiger  
Chief, Bureau of Securities

### 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 shall entertain on notice of no less than three (3) days, 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 and hear testimony, but shall provide to the applicant or registrant a written statement of the reasons for the summary revocation.

This matter will be set down for a hearing if a written request for such a hearing is filed with the Bureau within 15 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 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 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 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.