

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

IN THE MATTER OF: :

Darnell Deans :

CRD # 2200059 :

SUMMARY REVOCATION
AND PENALTY ORDER

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities (“Bureau”) by the Uniform Securities Law, as amended, L. 1997, c. 276 N.J.S.A. 49:3-47 et seq., (“Law”), more particularly, N.J.S.A. 49:3-58 & 70.1, and after careful review and due consideration of records presented to the Bureau, the Bureau Chief has determined that the agent registration of Darnell Deans shall be **REVOKED**, and a civil monetary penalty issued against him for the reasons that follow:

FINDINGS OF FACT

1. Darnell Deans (“Deans”) residing in Jersey City, New Jersey, has been registered with the Bureau as an agent of Garden State Securities, Inc. (CRD #10083) (“GSS”) since January 4, 2005. Deans was previously registered with the Bureau as an agent of Oppenheimer & Co. Inc. (CRD # 249), and its predecessor, from October 2, 1998 through January 7, 2005. Deans is the sole shareholder of Unity Financial, Inc., the business that pays the expenses of the GSS Wall Street branch of which Deans is the Branch Manager.

Deans Borrowed Money from Clients

2. Between April and August 2011, Deans borrowed at least \$210,000 from Customer A, a GSS customer on whose account Deans served as the agent.

3. Additionally, in May 2011, Deans took a \$25,000 loan from Customer B, a GSS customer on whose account Deans served as the agent.

4. GSS discovered that Deans had borrowed money from Customer A during a 2011 internal branch inspection. At the time of the inspection report, Deans told GSS that the loans from Customer A were personal loans and that Customer A knew this was a personal loan.

5. However, Deans later asserted that the loan(s) from Customer A were business loans to assist Deans in expanding the GSS Wall Street Branch that he owns and manages.

6. On January 23, 2012, GSS' Chief Compliance Officer issued a Compliance Memo, erroneously dated "January 23, 2011," to Deans in which he stated that Deans had violated GSS policy as well as FINRA Rule 3240 by borrowing money from a customer.

7. Since at least April 2010, GSS' written supervisory procedures required agents to annually attest to making certain disclosures to the firm, including specific information regarding loans from customers.

8. On November 22, 2011, Deans signed his 2011 annual attestation falsely responding "no" to the question asking "[h]ave you engaged in any activity that is or may be interpreted as borrowing from a customer?"

Deans' Undisclosed Tax Liens

9. 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...."

10. 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. Should any changes occur relating to answers previously reported, individuals are required “to update [Form U4] by causing an amendment to be filed on a timely basis.”

11. 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....

12. On June 3, 2004, the New York State Tax Commission entered a state tax lien against Deans in the amount of \$6,473.00.

13. On January 4, 2005, Deans signed a Form U4 that was filed the same day to register him as an agent with the Bureau. Although the New York state tax lien was in effect, he failed to answer Item 14(m) affirmatively.

14. This lien was satisfied on May 8, 2006.

15. On June 10, 2007, the Internal Revenue Service entered a federal tax lien against Deans in the amount of \$122,638.00, which remains unsatisfied.

16. Despite the requirement to amend his Form U4, Deans failed to disclose the federal tax lien until August 2012, after its existence was brought to GSS' attention by FINRA.

17. From June 2004 until August 2012, approximately 17 Form U4s were filed, all of which failed to disclose, or in one instance failed accurately to disclose, the federal and state tax liens against him.

18. Finally, since at least April 2010, GSS' written supervisory procedures required agents to annually attest to making certain disclosures to the firm, including all mandatory disclosures to GSS pertaining to any judgments and liens.

19. On January 4, 2011, Deans signed his 2010 annual attestation falsely responding "yes" to the question asking "[h]ave you promptly and completely disclosed to the BD any changes or potential changes to your Form U4?"

20. On November 22, 2011, Deans signed his 2011 annual attestation falsely responding "yes" to the question asking "[h]ave you promptly and completely disclosed to the BD any changes or potential changes to your Form U4?"

21. On January 2, 2013, Deans signed his 2012 annual attestation falsely responding "yes" to the question asking "[h]ave you promptly and completely disclosed to the BD any changes or potential changes to your Form U4?"

22. Therefore, for three consecutive years Deans falsely attested to making all required disclosures.

CONCLUSIONS OF LAW

Deans Engaged In Dishonest or Unethical Business Practices 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)

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

24. 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....

25. 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....

26. By borrowing money from clients, Deans 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 Deans’ registration.

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

**Deans Engaged in Dishonest or Unethical business practices 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)

28. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.
29. 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.
30. FINRA Rule 3240 prohibits registered persons of broker-dealers from borrowing money from or lending money to a customer.
31. By taking loans from clients in violation of FINRA Rule 3240, Deans 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 Deans’ registration.
32. Based upon the foregoing, and pursuant to N.J.S.A. 49:3-58(a)(1), the Revocation of Deans’ registration as an agent is in the public interest.

**Deans Engaged in a Dishonest and Unethical Business Practice
by Failing to Disclose Tax Liens Against Him**

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

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

34. Deans acted dishonestly when he failed to disclose his federal and state tax liens, and when he attested to having disclosed all tax liens and judgments on his firm's annual compliance attestation. This is cause pursuant to N.J.S.A. 49:3-58(a)(2)(vii), to revoke Deans' registration.

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

Deans Filed a False Application with the Bureau

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

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

37. 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 . . . (i) has filed an application for registration which as of its effective date...was incomplete in any material respect or contained any statement

which was, in the light of the circumstances under which it was made, false or misleading with respect to any material fact. . . .

38. Deans submitted an application to the Bureau in 2005 while the New York State Tax Lien was still actively pending against him, that included his false negative answer to item 14(m) of the Form U4, asking whether or not there were any unsatisfied judgments or liens against him. This is cause pursuant to N.J.S.A. 49:3-58(a)(2)(i), to revoke Deans' registration.

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

Deans Made False or Misleading Filings with the Bureau

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

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

41. 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.

42. Deans failed to disclose he had unsatisfied tax 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

THEREFORE, based on the foregoing Findings of Fact and Conclusions of Law,
IT IS on this **18th DAY of June 2013**,
ORDERED that the agent registration of Deans be **REVOKED**; and it is further
ORDERED that Deans is hereby assessed a civil monetary penalty in the amount of
\$20,000, payable to the Bureau upon execution of this Consent Order to “State of New Jersey,
Bureau of Securities,” 153 Halsey Street, 6th 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 become 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.