



of J.P. Turner and Company, L.L.C. (“J.P. Turner”) (CRD # 43177). Most recently, on June 13, 2011 Koutsoubos was registered with the Bureau as an agent of Caldwell International Securities. (CRD# 104323).

2. J. P. Turner was been registered with the Bureau as a broker-dealer from July 1997 through February 2016 and maintained a primary business address in Atlanta, Georgia.

3. On September 10, 2012, the United States Securities and Exchange Commission, (“SEC”) issued an order (“September 2012 Order”) instituting administrative and cease-and-desist proceedings against Koutsoubos pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”).

4. The September 2012 Order contained allegations including, among other things, that:

a. Between January 1, 2008 and December 31, 2009 (the “relevant period”), Koutsoubos “churned” the accounts of two customers by engaging in excessive trading for his own gain in disregard of the customers’ conservative investment objectives and low or moderate risk tolerances for the purpose of generating commission business; and

b. Koutsoubos willfully violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

5. A hearing was held before an administrative law judge from January 28 to February 20, 2013.

6. The administrative law judge issued a 125 page initial decision on November 8, 2013 (“November 8, 2013 initial decision”) which contained findings that Koutsoubos had willfully violated Section 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act of 1934, and Exchange Rule 10b-5 by, including:

- a. Teddy Dale Bryant (“Bryant”) opened an account and signed an account application on February 23, 2005. Bryant’s risk tolerance at the time was medium and his investment objective was growth.
- b. Bryant was not a sophisticated investor whose experience in the securities markets was limited.
- c. In May 2005, Koutsoubos was assigned Bryant’s J.P. Turner account.
- d. In March 2007, Bryant signed an Account Update Form sent by Koutsoubos, which listed his risk tolerance as aggressive, and his investment objective as speculation, and investment knowledge (“good”).
- e. Koutsoubos did not discuss these changes with Bryant, and Bryant did not instruct Koutsoubos to make these changes.
- f. The updated account form had incorrect information, including incorrect investment objectives and risk tolerance, which Koutsoubos sent with stars where Bryant should sign, and that he would take care of the rest.
- g. Koutsoubos recommended nearly all trades in the account, and Bryant relied on Koutsoubos’s purported expertise.
- h. Koutsoubos made trades without advanced approval from Bryant.
- i. J.P. Turner’s Account Activity Review System put Bryant’s account at the highest level for trading (Level 4) each quarter between the third quarter of 2007 and the

fourth quarter of 2008. The Levels (Level 1-4) correspond to J.P. Turner account restrictions. Accounts at either Level 3 or Level 4 indicate actively traded accounts.

- j. During 2008, Koutsoubos executed 99 sales totaling \$4,202,728.03 and 92 purchases totaling \$4,032,172.11. These trades resulted in a loss of approximately \$190,000 and generated approximately \$47,000 in commissions.
- k. In 2008, according to the analysis of an expert witness, the turnover rate in Bryant's account was 56 and the cost-to-equity ratio was 73.3%. This means that the appreciation of Bryant's account during this time period would have to have been 73% just to cover the commissions and other expenses.
- l. Bryant invested approximately a total of \$250,000 in his J.P. Turner account.
- m. Koustoubos left J.P. Turner in August 2009. At the time of his departure, Bryant's account was worth only a few thousand dollars.

7. The Judge concluded that Koustoubos churned Bryant's account because:

- a. Koutsoubos exercised *de facto* control over Bryant's account because, among other things, Bryant followed the direction and recommendation made by Koutsoubos and eventually allowed Koutsoubos to trade without advanced approval;
- b. Koutsoubos engaged in excessive trading in Bryant's account; and
- c. Koutsoubos acted with scienter.

8. The November 8, 2013 initial decision provided for sanctions as to Koutsoubos including:

- a. Koutsoubos cease-and-desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10(b)-5 thereunder;

- b. a bar from association with any broker, dealer, investment advisor, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;
  - c. a civil monetary penalty of \$130,000; and
  - d. disgorgement of 35% of commissions received, totaling \$16,461 plus interest.
9. On January 13, 2014, Koutsoubos filed an appeal against the administrative law judge's ruling and received a *de novo* review.
10. After the SEC conducted the *de novo* review, on May 29, 2015 the SEC issued an opinion ("SEC opinion") which contained similar findings as in the November 8, 2013 initial decision.
11. The SEC decision imposed the same sanctions of the initial decision, detailed above.

### CONCLUSIONS OF LAW

#### KOUTSOUBOS IS THE SUBJECT OF AN ORDER BY THE SECURITIES AND EXCHANGE COMMISSION BARRING HIM FROM A NATIONAL SECURITIES ASSOCIATION

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

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

12. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.
13. Pursuant to N.J.S.A. 49:3-58(a):

[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 ...(vi)... is the subject of an order of the Securities and Exchange Commission, a self-regulatory organization, the Commodity Futures Trading Commission, an insurance regulator, or a federal or state banking regulator, suspending or expelling him from a national securities or commodities exchange or national securities or commodities association registered under the "Securities Exchange Act of 1934"...

14. Having been barred by the SEC from association with any broker, dealer, investment advisor, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, there is good cause, pursuant to N.J.S.A. 49:3-58(a)(2)(vii), to revoke Koutsoubos' agent registration.

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

KOUTSOUBOS HAS ENGAGED IN DISHONEST OR UNETHICAL PRATICES IN THE  
SECURITIES BUSINESS

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

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

17. The foregoing conduct by Koutsoubos as described above constitutes dishonest or unethical practices in the securities business, which is good cause, pursuant to N.J.S.A. 49:3-58(a)(2)(vii), to revoke Koutsoubos's agent registration.

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

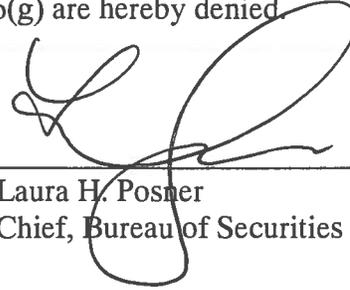
CONCLUSION

For the reasons stated above, it is on this 9<sup>m</sup> day of March, 2016

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

**ORDERED** that Koutsoubos is denied all exemptions contained in N.J.S.A. 49:3-50 subsections (a) paragraph 9, 10, and 11 and subsection (b); and it is further

**ORDERED** that 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) are hereby denied.



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Laura H. Posner  
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 no less than three days notice, 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.