

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

 IN THE MATTER OF:

Ralph Christopher Calabro

CRD # 2689492

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SUMMARY REVOCATION 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, and after careful review and due consideration of: (1) Order Instituting Public Administrative And Cease-And-Desist Proceedings Pursuant To Section 8A Of The Securities Act Of 1933, Sections 15(b) And 21C Of The Securities Exchange Act Of 1934, Section 203(f) Of The Investment Advisers Act Of 1940, And Section 9(b) Of The Investment Company Act Of 1940, No. 3-15015, dated September 10, 2012; (2) Initial Decision As To Michael Bresner, Ralph Calabro, Jason Konner, and Dimitrios Koutsoubos, No. 3-15015, dated November 8, 2013; (3) Corrected Opinion Of The Commission, No. 3-15015, dated May 29, 2015; and (4) Order Imposing Remedial Sanctions, No. 3-15015, dated May 29, 2015, the Bureau Chief has determined that the agent registration of Ralph Christopher Calabro shall be **REVOKED** for the reasons that follow:

FINDINGS OF FACT

1. Ralph Christopher Calabro (“Calabro”), residing in Matawan, New Jersey, has been registered with the Bureau as an agent of various broker-dealers since 1996. From March 25, 2004 to February 3, 2011, Calabro was registered with the Bureau as an agent of J.P. Turner &

Company, L.L.C. (“J.P. Turner”) (CRD # 43177). During that time, Calabro acted as a principal and registered representative in J.P. Turner’s Parlin, New Jersey branch office. Most recently, on January 31, 2011, Calabro was registered with the Bureau as an agent of National Securities Corporation (CRD # 7569).

2. J.P. Turner was registered with the Bureau as a broker-dealer from July 1997 through February 2016. J.P. Turner 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 Ralph Calabro, Jason Konner, Dimitrios Koutsoubos, and Michael Bresner 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”), Calabro “churned” the accounts of three 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. Calabro 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 2013 initial decision”) which contained findings that Calabro willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Exchange Rule 10b-5 by, including:

- a. In October 2007, Calabro filled out a J.P. Turner account application over the phone for Dudley Wayne Williams (“Williams”), which was later signed by Williams and Calabro.
- b. Calabro never asked Williams what his investment objectives were.
- c. Before investing with JPT, Williams filled out a number of forms at Calabro’s request, including a Supplemental Application for NFS Margin Privileges (“Supplemental Application”), a Brokerage Account Application, and an Active Account Suitability Questionnaire (“AASQ”). The Brokerage Account Application and the AASQ were filled out after Williams signed them, and all three forms contained inaccurate information that was added without Williams’ confirmation.
- d. The Supplemental Application and the Brokerage Account Application stated an inaccurate annual income of \$150,000 and an inaccurate net worth of \$3,000,000. The AASQ stated an inaccurate annual income of \$150,000, an inaccurate net worth of \$4,000,000, and an inaccurate liquid net worth of \$3,000,000.
- e. The Brokerage Account Application inaccurately stated that Williams’ top investment objective was speculation, that his risk tolerance was aggressive, and that his general investment knowledge was good. The AASQ inaccurately stated that

Williams' investment objectives were growth, trading profits, speculation, and short-term trading.

- f. Williams' risk tolerance was moderate or conservative, he had limited investment knowledge, and his investment objectives were more in line with preservation of capital and capital appreciation than speculation.
 - g. Calabro initially took long positions in Williams' account. In November 2007, Calabro began to sell securities short.
 - h. In September 2008, Calabro began to trade options in Williams' account.
 - i. From December 31, 2008 through November 2009, Williams' account lost over \$1,000,000 and paid approximately \$297,000 in commissions and fees, of which approximately \$248,000 went to Calabro.
 - j. During this period, Williams' account had an annualized turnover rate of eight, a cost equity factor of 22.9% and over 270 sales and purchase transactions. A turnover rate of six or more is presumed to indicate excessive trading
 - k. In May 2010, Williams closed his J.P. Turner account with a closing balance of \$363,000.
7. The Judge concluded that Calabro churned Williams' account because:
- a. Calabro exercised *de facto* control over Williams' account because, among other things, Williams lacked investment experience and sophistication and Williams had full trust and confidence in Calabro, habitually following the advice and investment strategy developed by Calabro;
 - b. Calabro engaged in excessive trading in Williams' account; and
 - c. Calabro acted with scienter.

8. The November 2013 initial decision provided for sanctions as to Calabro including:
 - a. Calabro cease-and-desist from committing or causing violations or future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;
 - b. a bar from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and
 - c. disgorgement of \$282,000, plus prejudgment interest of \$34,975.90, and a civil money penalty of \$150,000.
9. On January 13, 2014, Calabro 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 decision") which contained similar findings as in the November 2013 initial decision.
11. The SEC decision provided for sanctions as to Calabro including:
 - a. Calabro cease-and-desist from committing or causing violations or future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;
 - b. a bar from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and
 - c. disgorgement of \$247,945, plus prejudgment interest of \$45,997.68, and a civil money penalty of \$150,000.

CONCLUSIONS OF LAW

CALABRO 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 adviser, 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)(vi), to revoke Calabro's agent registration.

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

CALABRO HAS ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE SECURITIES BUSINESS

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

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

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

17. The foregoing conduct by Calabro 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 Calabro's agent registration.

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


CONCLUSION

For the reasons stated above, it is on this 9th day of March, 2016

ORDERED that the agent registration of Ralph Christopher Calabro be **REVOKED**; and it is further

ORDERED that Calabro 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.



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.