

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF:)

DUSTIN PAUL SHAFER, an individual.)

) File No. 2001056
)
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)
)

ORDER OF PROHIBITION

TO THE RESPONDENT:

Dustin Paul Shafer
CRD # 4198962
1636 South Willemore Avenue
Springfield, IL 62704

WHEREAS, a Temporary Order of Prohibition was entered by the Illinois Secretary of State on December 22, 2020, temporarily prohibiting the Respondent **Dustin Paul Shafer** from offering or selling securities, and engaging in the business of an investment adviser representative, in or from the State of Illinois for a maximum period of ninety (90) days.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq*] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of the Temporary Order of Prohibition shall constitute an admission of any alleged facts therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, **Respondent Dustin Paul Shafer** has failed to request a hearing on the matters contained in the Temporary Order of Prohibition within thirty (30) calendar days of the entry of said Temporary Order, and the Respondent is hereby deemed to have admitted the facts alleged in the said Temporary Order.

The deemed admitted facts are as follows:

1. Respondent Dustin Paul Shafer ("Shafer") is an Illinois resident and has a last known address of 1636 South Willemore Avenue, Springfield, IL 62704.

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2. Respondent Shafer was registered as a salesperson with Newbridge Securities Corporation, in the State of Illinois between December 26, 2019 and November 4, 2020 and was subject to a 1 year heightened supervision agreement with the Firm at the request of the Department. Respondent Shafer was terminated by his Firm on November 4, 2020.
3. Respondent Shafer was also registered as an investment adviser representative with Newbridge Financial Services Group, Inc., in the State of Illinois between December 26, 2019 and November 4, 2020 and was subject to a 1 year heightened supervision agreement with the Firm at the request of the Department. Respondent Shafer was terminated by his Firm on November 4, 2020.
4. Respondent Shafer was previously registered as a salesperson and investment adviser representative with Money Concept Capital Corporation in the State of Illinois between June 17, 2008 and July 25, 2019.
5. From at least November 2008, Respondent Shafer began a broker-client relationship with an elderly couple who resided in the State of Illinois. Respondent Shafer acted as these Clients' broker until the husband's death in February 2019, and maintained his broker-client relationship with the 89 year old widow after his passing.
6. Through this broker and client relationship, Respondent Shafer became fully aware of the Illinois residents' financial position.
7. Sometime in January 2019, Respondent Shafer began discussing his financial difficulties with the 89 year old soon to be widowed Illinois resident.
8. On or around January 29, 2019, Respondent Shafer asked this 89 year old client to borrow money to pay some bills. The client agreed to lend the money to Respondent Shafer and gave him a check for \$10,000 drawn from her checking account.
9. Respondent borrowed another \$13,678 from the same client on or around May 23, 2019. Again, the client gave Respondent Shafer a check drawn from her checking account.
10. On or around September 24, 2019, the client loaned Respondent Shafer another \$15,000 again giving him a check drawn from her checking account. At this point a promissory note was signed by Respondent Shafer and his client evidencing the three sums borrowed by Respondent Shafer. The note was unsecured, did not charge interest, and did not have a re-payment schedule.
11. On or around September 24, 2019, Respondent Shafer gave his client a check in the amount of \$10,000 post dated 4/15/2020, and advised her not to attempt to cash it until after the post date.
12. On or around March 2, 2020, Respondent Shafer borrowed another \$20,000 from the same Illinois client. Again the client gave Respondent Shafer a check drawn from her checking account.

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13. In July of 2020, client attempted to deposit the \$10,000 check, given to her by Respondent Shafer on September 24, 2019, into her bank account, and was informed by her bank that the originating bank account that the check was drawn on had been closed.
14. During the timeframe when these loans were being made, Respondent Shafer continued to manage the Illinois resident's accounts as her broker executing many buys and sells in her account.
15. In March 2019 and while still with Money Concepts, the Illinois resident had a little over \$600,000 in her brokerage account with roughly 58% of her portfolio invested in equities consisting of common and preferred stocks, and 42% of her portfolio invested in mutual funds. In March and April 2019, Respondent Shafer executed 16 buys and sells in the Illinois resident's account.
16. In January 2020, Respondent Shafer transferred the Illinois resident's account to Newbridge. The account had \$668,000, with 96% invested in what was termed preferreds consisting of different series A options, 3% in equities invested in preferred stock, and 1% invested in the money market.
17. From January 2020 through October 2020, Respondent Shafer actively managed the account executing several transactions including transactions in the money market, selling all of the preferreds (options) in May 2020, and investing in equities and Mutual funds. By the time the account was closed in early October, the account was invested 90% in equities and 10% in mutual funds.
18. To date, the client has not received any return of the \$58,678 she lent to Respondent Shafer.
19. Section 8.E(1)(c) of the Act states *inter alia* that subject to the provisions of subsection F of Section 11 of this Act, the registration of a salesperson or investment adviser representative may be denied, suspended or revoked if the Secretary of State finds that the dealer has failed to account for any money or property, to any person entitled thereto when due or within a reasonable time thereafter.
20. FINRA rule 3240 states that no person associated with a member in any registered capacity may borrow money or lend money to any customer of such person unless an exemption applies. No exemption applies in this instance.
21. Section 8.E(1)(m) of the Act states *inter alia* that subject to the provisions of subsection F of Section 11 of this Act, the registration of a salesperson or investment adviser representative may be denied, suspended or revoked if the Secretary of State finds that the salesperson or investment adviser representative has conducted a continuing course of dealing of such nature as to demonstrate an inability to properly conduct the business of the salesperson or investment adviser representative.

22. Section 12.F states *inter alia* it shall be a violation of the provisions of this Act for any person to engage in any transaction, practice or course of business in connection with the sale of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
23. By virtue of the foregoing, Respondent Shafer has failed to account for money entitled to his client, has demonstrated an inability to properly conduct the business of the salesperson or investment adviser representative, has engaged in a practice or course of business in connection with the sale of securities which tends to work a fraud or deceit upon the purchaser, and is therefore in violation of Sections 8.E(1)(c), 8.E(1)(m), and 12.F of the Illinois Securities Law of 1953.

NOW IT IS HEREBY ORDERED THAT:

Respondent **DUSTIN PAUL SHAFER** is PROHIBITED from the offer or sale of securities in or from the State of Illinois, and PROHIBITED from engaging in the business of an investment adviser representative in or from the State of Illinois.

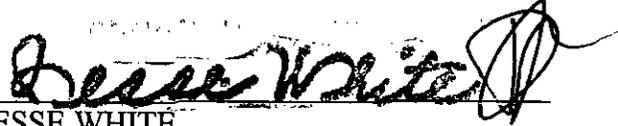
Delivery of this Order or any subsequent notice to the designated representative of any Respondent constitutes service upon such Respondent.

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953, as amended, 815 ILCS 5/1 et seq. (the "Act"). Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.

This is a Final Order subject to judicial review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 et seq. and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. I, Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review. Mailing of this

Order to the Respondent or representative of record constitutes service of the Order.

Date of Mailing: 29th day of January 2021



JESSE WHITE
Secretary of State
State of Illinois

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