

OPEN MEETING ITEM

3/2-3/15



0000160040

**COMMISSIONERS**  
SUSAN BITTER SMITH, Chairman  
BOB STUMP  
BOB BURNS  
DOUG LITTLE  
TOM FORESE



SECURITIES DIVISION  
1300 West Washington, Third Floor  
Phoenix, AZ 85007  
TELEPHONE: (602) 542-4242  
FAX: (602) 388-1335  
E-MAIL: securitiesdiv@azcc.gov

JODI JERICH  
EXECUTIVE DIRECTOR

ARIZONA CORPORATION COMMISSION

ORIGINAL

MEMORANDUM

**TO:** Susan Bitter Smith, Chairman  
Bob Stump  
Bob Burns  
Doug Little  
Tom Forese

Arizona Corporation Commission  
**DOCKETED**

FEB 17 2015

**FROM:** Matthew J. Neubert *MJN*  
Director of Securities

DOCKETED BY *[Signature]*

AZ CORP COMMISSION  
DOCKET CONTROL

2015 FEB 17 A 9 58

RECEIVED

**DATE:** February 3, 2015

**RE:** Timothy D. Moran, Docket # S-20823A-11-0407

**CC:** Jodi Jerich, Executive Director

Attached for your consideration is a proposed Order of Revocation and Consent to Same ("Order") by Timothy D. Moran. Patricia Moran was added solely to determine the liability of the marital community. Mr. Moran was registered as a securities salesman and licensed as an investment adviser representative with the state of Arizona.

The Order finds that Mr. Moran was subject to a suspension or bar of greater than six months by a securities self-regulatory organization. In this case, the Financial Industry Regulatory Authority ("FINRA") department of enforcement filed a disciplinary proceeding against Mr. Moran alleging that he violated multiple FINRA rules by: (1) engaging in private securities transactions without providing his employer FSC, with prior written notice; (2) failing to respond to FINRA requests for information; (3) providing false information to FINRA in response to a request; and (4) failing to timely disclose a tax lien. Mr. Moran failed to respond or answer the allegations. On March 2, 2014, FINRA permanently barred Mr. Moran from associating with any FINRA member firm in any capacity and also ordered him to disgorge \$200,000 in that matter.

The proposed Order revokes Mr. Moran's registration as a securities salesman and his license as an investment adviser representative in the state of Arizona pursuant to A.R.S. §§ 44-1962(A)(8) and 44-3201(A)(10). Mrs. Moran is dismissed from this matter without prejudice.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 SUSAN BITTER SMITH, Chairman  
4 BOB STUMP  
5 BOB BURNS  
6 DOUG LITTLE  
7 TOM FORESE

8 In the matter of )

9 THOMAS LAURENCE HAMPTON, )  
10 CRD#2470192, and STEPHANIE YAGER, )  
11 husband and wife, )

12 TIMOTHY D. MORAN, CRD#2326078, )  
13 and PATRICIA MORAN, husband and )  
14 wife, )

15 TIMOTHY MORAN, CRD#1496354, and )  
16 PATRICIA MORAN, husband and wife, )

17 HAMPTON CAPITAL MARKETS, LLC, )  
18 an Arizona limited liability company, )

19 Respondents. )

DOCKET NO. S-20823A-11-0407

DECISION NO. \_\_\_\_\_

**ORDER OF REVOCATION AND CONSENT  
TO SAME BY TIMOTHY D. MORAN**

**AND**

**ORDER OF DISMISSAL OF PATRICIA  
MORAN WITHOUT PREJUDICE**

20 Timothy D. Moran, a married man, elects to permanently waive any right to a hearing and  
21 appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.*  
22 (“Securities Act”) and Articles 7 and 8 of the Arizona Investment Management Act, A.R.S. § 44-  
23 3101 *et seq.* (“Investment Management Act”) with respect to this Order of Revocation and Consent  
24 to Same (“Order”). Timothy D. Moran admits the jurisdiction of the Arizona Corporation  
25 Commission (“Commission”); neither admits nor denies the Findings of Fact and Conclusions of  
26 Law contained in this Order; and consents to the entry of this Order by the Commission.

**I.**

**FINDINGS OF FACT**

1. At all relevant times, Respondent TIMOTHY D. MORAN (“TIM”) has been an  
Arizona resident.

1           2.       At all relevant times PATRICIA MORAN has been an Arizona resident , the spouse of  
2 TIM, and was joined in this action under A.R.S. §§ 44-2031(C) and 44-3291(C) solely for purposes of  
3 determining the liability of Respondent's and PATRICIA MORAN's marital community.

4           3.       Beginning May 27, 1993, to December 2, 2011, TIM, CRD# 2326078, was registered  
5 in Arizona as a securities salesman. From May 26, 2010, to December 2, 2011, TIM was associated  
6 with FSC Securities Corporation ("FSC"), CRD# 7461.

7           4.       From the period of June 19, 2008, to December 31, 2012, TIM had been licensed in  
8 Arizona as an investment advisor representative.

9           5.       TIM has been a licensed insurance salesman since April 11, 1994, with the Arizona  
10 Department of Insurance, License # 22089.

11          6.       Prior to September 2010, TIM met Thomas L. Hampton ("Hampton") who was the  
12 managing member of Hampton Capital Markets, LLC ("HCM").

13          7.       HCM maintained a place of business in Scottsdale, Arizona and had issued, offered,  
14 and/or sold the HCM hedge fund investments within or from Arizona. HCM was not registered with  
15 the Commission as a securities dealer.

16          8.       Hampton was an Arizona resident who offered and sold fraudulent hedge fund  
17 investments through HCM. Hampton was not registered by the Commission as a securities  
18 salesman or dealer and the HCM hedge fund investments were not registered securities with the  
19 Commission.

20          9.       Hampton represented to TIM and investors that: (a) HCM was a hedge fund  
21 managed by Hampton; and (b) that Hampton and/or HCM engaged in the business of buying and  
22 selling exchange traded funds ("ETF") using a trading strategy developed by Hampton that  
23 involved a low-latency index derivative arbitrage strategy based on the S&P 500® (the "Hedge  
24 Fund Investment").

25          10.       Some investors were introduced to Hampton by TIM, including some of TIM's then  
26 existing clients, and TIM personally invested with Hampton in HCM.

1           11. Hampton conducted trading activity from a computer setup located in space he  
2 rented in TIM's business office.

3           12. On October 1, 2013, a criminal case judgment was filed in case no. 13-CR-301-RWS.  
4 Mr. Hampton plead guilty to one count of commodities fraud in violation of 7 USC 61(1).  
5 Pursuant to the criminal judgment, Mr. Hampton was sentenced to thirty (30) months of  
6 imprisonment; upon release from imprisonment, he shall be on supervised release for three (3)  
7 years; was ordered to pay restitution in the amount of \$4,879,627.98 for disbursement to the  
8 victims identified by the government; and agreed to forfeit to the United States, any and all  
9 property, real and personal, that constitutes or is derived from proceeds traceable from his crime.

10           13. On September 27, 2013, the self-regulatory organization ("SRO") Financial Industry  
11 Regulatory Authority ("FINRA") department of enforcement filed a disciplinary proceeding  
12 complaint No. 2012031023301, against Timothy D. Moran. The complaint charged that TIM: (1)  
13 engaged in private securities transactions without providing his employer FSC, with prior written  
14 notice, in violation of NASD Conduct Rule 3040 and FINRA Conduct Rule 2010; (2) failed to  
15 respond to FINRA requests for information, in violation of FINRA Procedural Rule 8210 and Conduct  
16 Rule 2010; (3) provided false information to FINRA in response to a Rule 8210 request, in violation  
17 of FINRA Procedural Rule 8210 and Conduct Rule 2010; and (4) failed to disclose a tax lien on a  
18 Uniform Application for Securities Industry Registration or Transfer (Form U4), in violation of  
19 FINRA Rules 1122 and 2010, NASD IM-1000-1, and Article V, Section 2(c) of the FINRA By-laws.

20           14. TIM did not answer or otherwise respond to the FINRA complaint. Consequently, on  
21 December 1, 2013, FINRA's department of enforcement filed a motion for entry of default decision  
22 ("Default Motion"). TIM did not file a response to the Default Motion.

23           15. On February 5, 2014, the hearing officer found TIM in default, granted FINRA  
24 department of enforcement's Default Motion, and permanently barred TIM from associating with any  
25 FINRA member firm in any capacity. In addition to the permanent bar, TIM was also ordered to  
26

1 disgorge \$200,000 in that matter. The FINRA decision was served on TIM via overnight courier and  
2 first-class mail.

3 16. Pursuant to FINRA Rule 9311, TIM was required to file a written notice of appeal  
4 within 25 days after service of the decision.

5 17. In addition, pursuant to FINRA Rule 9269(d), Final Disciplinary Action of FINRA;  
6 Effectiveness of Sanctions, if a default decision is not appealed pursuant to Rule 9311 or called for  
7 review pursuant to Rule 9312 within 25 days after the date the Office of Hearing Officers serves it on  
8 the Parties, the default decision shall become the final disciplinary action of FINRA for purposes of  
9 SEA Rule 19d-1(c)(1). Unless otherwise provided in the default decision, the sanctions shall become  
10 effective on a date to be determined by FINRA staff, except that a bar or expulsion shall become  
11 effective immediately upon the default decision becoming the final disciplinary action of FINRA.

12 18. Tim did not file an appeal within the timeframe required and the FINRA decision  
13 became final on March 2, 2014.

14 **II.**

15 **CONCLUSIONS OF LAW**

16 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
17 Arizona Constitution, the Securities Act, and the IM Act.

18 2. Timothy D. Moran's ("Respondent") conduct subjects Respondent to an order of  
19 revocation pursuant to A.R.S. § 44-1962(A)(8).

20 3. Respondent's conduct subjects Respondent to an order of revocation pursuant to  
21 A.R.S. § 44-3201(A)(10).

22 **III.**

23 **ORDER**

24 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondent's  
25 consent to the entry of this Order, attached and incorporated by reference, the Commission finds  
26

1 that the following relief is appropriate, in the public interest, and necessary for the protection of  
2 investors:

3 IT IS ORDERED that Respondent complies with the attached Consent to Entry of Order.

4 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that Respondent's securities  
5 salesman registration is revoked.

6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-3201, that Respondent's investment  
7 adviser representative license is revoked.

8 IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this  
9 Order shall be deemed binding against any Respondent under this Docket Number who has not  
10 consented to the entry of this Order.

11 IT IS FURTHER ORDERED that upon entry of this Order, these proceedings as to Patricia  
12 Moran only are hereby dismissed without prejudice and that Timothy D. Moran, Patricia Moran,  
13 and the Commission shall be responsible for their respective costs and attorney's fees.

14 IT IS FURTHER ORDERED that this Order shall become effective immediately.

15 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

16  
17 \_\_\_\_\_  
CHAIRMAN COMMISSIONER

18  
19 \_\_\_\_\_  
COMMISSIONER COMMISSIONER COMMISSIONER

21 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
22 Director of the Arizona Corporation Commission, have  
23 hereunto set my hand and caused the official seal of the  
24 Commission to be affixed at the Capitol, in the City of  
25 Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

26 \_\_\_\_\_  
JODI JERICH  
EXECUTIVE DIRECTOR

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26

---

DISSENT

---

DISSENT

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA Coordinator, voice phone number 602-542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov).

**CONSENT TO ENTRY OF ORDER**

1  
2           1. Timothy D. Moran ("Respondent") admits the jurisdiction of the Commission over  
3 the subject matter of this proceeding. Respondent acknowledges that he has been fully advised of  
4 his right to a hearing to present evidence and call witnesses and knowingly and voluntarily waives  
5 any and all right to a hearing before the Commission and all other rights otherwise available under  
6 Article 11 of the Securities Act, Article 7 of the Investment Management Act, and Title 14 of the  
7 Arizona Administrative Code. Respondent acknowledges that this Order for Revocation and  
8 Consent to Same ("Order") constitutes a valid final order of the Commission.

9           2. Respondent knowingly and voluntarily waives any right under Article 12 of the  
10 Securities Act and Article 8 of the Investment Management Act to judicial review by any court by  
11 way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

12           3. Respondent acknowledges and agrees that this Order is entered into freely and  
13 voluntarily and that no promise was made or coercion used to induce such entry.

14           4. Respondent acknowledges that Respondent has been represented by an attorney in  
15 this matter, has reviewed this Order with his attorney, Neal H. Bookspan of Jaburg Wilk, and  
16 understand all terms it contains.

17           5. Respondent agrees that he shall not contest the validity of the Findings of Fact and  
18 Conclusions of Law contained in this Order in any present or future proceeding in which the  
19 Commission is a party including: (a) bankruptcy proceeding, or (b) non-criminal proceeding in  
20 which the Commission is a party (collectively, "proceeding(s)"). Respondent further agrees that in  
21 any such proceedings, the Findings of Fact and Conclusions of Law contained in this Order may be  
22 taken as true and correct and that this Order shall collaterally estop them from re-litigating with the  
23 Commission, in any forum, the accuracy of the Findings of Fact and Conclusions of Law contained  
24 in this Order.

25           6. By consenting to the entry of this Order, Respondent agrees not to take any action or  
26 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of

1 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual  
2 basis.

3 7. While this Order settles this administrative matter between Respondent and the  
4 Commission, Respondent understands that this Order does not preclude the Commission from  
5 instituting other administrative or civil proceedings based on violations that are not addressed by  
6 this Order.

7 8. Respondent understands that this Order does not preclude the Commission from  
8 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
9 that may be related to the matters addressed by this Order.

10 9. Respondent understands that this Order does not preclude any other agency or  
11 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
12 proceedings that may be related to matters addressed by this Order.

13 10. Respondent agrees that Respondent will not exercise any control over any entity that  
14 offers or sells securities or provides investment advisory services within or from Arizona until such  
15 time that Respondent is properly registered or licensed in the state of Arizona.

16 11. Respondent agrees that he will cooperate with the Securities Division including, but  
17 not limited to, providing complete and accurate testimony at any hearing in this matter and  
18 cooperating with the state of Arizona in any related investigation or any other matters arising from  
19 the activities described in this Order.

20 12. Respondent consents to the entry of this Order and agrees to be fully bound by its  
21 terms and conditions.

22 ////

23 ////

24 ////

25

26



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

SERVICE LIST FOR: THOMAS L. HAMPTON, ET. AL.

Thomas Hampton and Hampton Capital Markets, LLC  
9026 E. Calle De Las Brisas  
Scottsdale, AZ 85255

Stephanie Yager  
9026 E. Calle De Las Brisas  
Scottsdale, AZ 85255

Neal H. Bookspan  
3200 North Central Avenue, 20th Floor  
Phoenix Arizona 85012  
Attorney for Timothy and Patricia Moran

Michael D. Curran  
3200 North Central Avenue  
Suite 1800  
Phoenix, Arizona 85012  
Attorney for Patrick and Kelly Moran

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

SUSAN BITTER SMITH, Chairman  
BOB STUMP  
BOB BURNS  
DOUG LITTLE  
TOM FORESE

In the matter of:  
THOMAS LAURENCE HAMPTON,  
CRD#2470192, and STEPHANIE YAGER,  
husband and wife,  
TIMOTHY D. MORAN, CRD#2326078, and  
PATRICIA MORAN, husband and wife,  
PATRICK MORAN, CRD#1496354, and KELLY  
MORAN, husband and wife,  
HAMPTON CAPITAL MARKETS, LLC, an  
Arizona limited liability company,  
Respondent.

DOCKET NO S-20823A-11-0407  
**NOTICE OF FILING OF PROPOSED  
OPEN MEETING AGENDA ITEM**

Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached: Order of  
Revocation and Consent to Same by Respondent Timothy D. Moran and Order of Dismissal of  
Respondent Spouse Patricia Moran, was filed with the Arizona Corporation Commission's Docket  
Control.

Dated: 2/17/15 By: 

I hereby certify that I have this day served the foregoing document on all parties of record  
in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

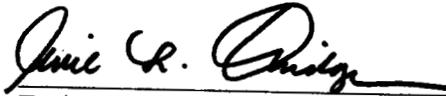
Thomas Hampton and Hampton Capital Markets, LLC  
9026 E. Calle De Las Brisas  
Scottsdale, AZ 85255

1 Stephanie Yager  
9026 E. Calle De Las Brisas  
2 Scottsdale, AZ 85255

3 Neal H. Bookspan  
3200 North Central Avenue, 20th Floor  
4 Phoenix Arizona 85012  
5 Attorney for Timothy and Patricia Moran

6 Michael D. Curran  
3200 North Central Avenue  
Suite 1800  
7 Phoenix, Arizona 85012  
8 Attorney for Patrick and Kelly Moran

9 Dated: 2/17/15

By:   
Emie R. Bridges, Executive Assistant

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26