

ORIGINAL

OPEN MEETING ITEM

7/11-12/17



0000180753

COMMISSIONERS
TOM FORESE - Chairman
BOB BURNS
DOUG LITTLE
ANDY TOBIN
BOYD DUNN



TED VOGT
EXECUTIVE DIRECTOR

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

ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Tom Forese - Chairman
Bob Burns
Doug Little
Andy Tobin
Boyd Dunn

Arizona Corporation Commission

DOCKETED

JUN 26 2017

FROM: Mark Dinell
Assistant Director of Securities

DOCKETED BY

DATE: June 26, 2017

RE: In re Lawrence M. LaBine, Docket No. S-21010A-17-0096

CC: Ted Vogt, Executive Director

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL
2017 JUN 26 A 8:31

Attached for your consideration is a proposed Order of Revocation ("Order") against respondent Lawrence M. LaBine.

The Order is a default order. On April 29, 2017, the Division served LaBine with a copy of the Notice of Opportunity for Hearing filed against him. The times for requesting a hearing and answering the Notice passed without LaBine requesting a hearing or filing an answer.

The Order finds that on April 22, 2016, the U.S. Securities and Exchange Commission ("SEC") found that LaBine had violated the Securities Act of 1933, Section 17(a), Securities Exchange Act of 1940, Section 10(b) and Rule 10b-5, and Investment Advisers Act, Section 206(1) and (2). Along with other remedies, the SEC barred LaBine from association with any investment adviser, broker, or dealer, with a right to reapply for association in two years.

Because of the SEC's two-year bar, pursuant to A.R.S. §§ 44-1962(A)(8) and 44-3201(A)(10) the Order revokes LaBine's Arizona securities salesman registration and investment adviser representative license. The Division recommends the Order as appropriate, in the public interest, and necessary for the protection of investors.

Originator: Ryan J. Millicam

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 TOM FORESE - Chairman
4 BOB BURNS
5 DOUG LITTLE
6 ANDY TOBIN
7 BOYD DUNN

7 In the matter of)
8 LAWRENCE M. LABINE, CRD#1279935,) DOCKET NO. S-21010A-17-0096
9 an individual,)
10 Respondent.) DECISION NO. _____
11) **ORDER OF REVOCATION**

12 On April 5, 2017, the Securities Division (“Division”) of the Arizona Corporation
13 Commission (“Commission”) filed a Notice of Opportunity for Hearing Regarding Proposed Order
14 of Revocation (the “Notice”) against Respondent Lawrence M. LaBine.

15 On April 29, 2017, the Division served a copy of the Notice upon LaBine via certified mail.
16 The deadlines for LaBine to request a hearing and file an answer to the Notice have passed and
17 LaBine has not filed a request for a hearing or answer to the Notice as of June 23, 2017.

18 **I.**

19 **FINDINGS OF FACT**

20 1. LaBine has been registered with the Commission as a securities salesman since
21 February 1986, and licensed as an investment adviser representative since December 2002, with the
22 exception of when he was transferring employment between firms.

23 2. On July 8, 2014, the Securities and Exchange Commission instituted proceedings
24 against LaBine for violations of the Securities Act of 1933, the Securities Exchange Act of 1940, the
25 Investment Advisers Act of 1940, and the Investment Company Act of 1940.

26 3. In August and September 2015, the SEC held a seven-day administrative hearing for
LaBine.

1 4. On March 2, 2016, the Securities and Exchange Commission released a Redacted
2 (Public) Initial Decision against LaBine.

3 5. In the Legal Conclusions section of the Initial Decision, the SEC found that LaBine
4 employed a scheme to defraud clients and made several material misrepresentations and omissions
5 in connection with selling his clients debentures in a software company, including the following:

- 6 • LaBine failed to disclose a material conflict of interest to his clients, namely that he could
7 receive warrants in the company as extra incentive compensation from selling the debentures.
- 8 • LaBine failed to disclose to his clients that he had made significant fundraising commitments
9 to the company's board, which also created a material conflict of interest.
- 10 • LaBine failed to disclose a third, material conflict of interest to his clients, namely that he
11 was the company's primary fundraiser.
- 12 • LaBine did not disclose numerous risk factors indicating a high chance of the investment's
13 failure.

14 The SEC held that these material misrepresentations and omissions along with the scheme to sell
15 debentures to his clients in order to make good LaBine's fund-raising commitments to a company in
16 which he could potentially own warrants violated the antifraud provisions of the Securities Act of
17 1933, Section 17(a), Securities Exchange Act of 1940, Section 10(b) and Rule 10b-5, and Investment
18 Advisers Act, Section 206(1) and (2).

19 6. In the Initial Decision, the SEC barred LaBine from association with any investment
20 adviser, broker, or dealer, with a right to reapply for association in two years.

21 7. On April 22, 2016, the SEC entered a Notice that Initial Decision has Become Final.
22 This Notice makes the findings and orders against LaBine in the Initial Decision effective, including
23 the two-year bar from association with any investment adviser, broker, or dealer.

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

II.

CONCLUSIONS OF LAW

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

2. LaBine’s conduct is grounds to revoke his registration as a securities salesman with the Commission pursuant to A.R.S. § 44-1962(A)(8). Specifically, LaBine is subject to an order of the SEC denying, suspending or revoking membership or registration as a broker or dealer in securities or an investment adviser or investment adviser representative for at least six months.

3. LaBine’s conduct is grounds to revoke his license as an investment adviser representative with the Commission pursuant to A.R.S. § 44-3201(A)(10). Specifically, LaBine is subject to an order of the SEC denying, revoking or suspending membership, licensure or registration as a broker or dealer in securities or as an investment adviser or investment adviser representative for at least six months and revocation of LaBine’s license would be in the public interest.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, and Conclusions of Law, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-1962(A)(8), that LaBine’s registration as a securities salesman is revoked.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-3201(A)(10), that LaBine’s license as an investment adviser representative is revoked.

///
///
///
///

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

2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

3
4 _____
CHAIRMAN FORESE

COMMISSIONER BURNS

5
6 _____
COMMISSIONER LITTLE

COMMISSIONER TOBIN

COMMISSIONER DUNN

7
8 IN WITNESS WHEREOF, I, TED VOGT, Executive Director
9 of the Arizona Corporation Commission, have hereunto set my
10 hand and caused the official seal of the Commission to be
11 affixed at the Capitol, in the City of Phoenix, this _____ day
12 of _____, 2017.

13 _____
14 TED VOGT
15 EXECUTIVE DIRECTOR

16 _____
DISSENT

17
18 _____
DISSENT

19 This document is available in alternative formats by contacting Carolyn D. Buck, ADA
20 Coordinator, voice phone number (602) 542-3931, e-mail cdbuck@azcc.gov.

21
22 (RJM)

1 SERVICE LIST FOR: *In re Lawrence M. LaBine*

2

3 Lawrence M. LaBine

4 13235 N. Verde River Drive

5 Fountain Hills, AZ 85268

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2
3 COMMISSIONERS

4 TOM FORESE – Chairman
5 BOB BURNS
6 DOUG LITTLE
ANDY TOBIN
BOYD DUNN

7 In the matter of:

8 LAWRENCE M. LABINE, CRD#1279935, an
9 individual,

10 Respondent.

) DOCKET NO. S-21010A-17-0096
)
)

) **CERTIFICATION OF SERVICE OF**
) **PROPOSED OPEN MEETING**
) **AGENDA ITEM**
)

11 On this 26 day of June, 2017, the foregoing document was filed with Docket Control as
12 a Securities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on
13 behalf of the Securities Division to the following who have not consented to email service. On this
14 date or as soon as possible thereafter, the Commission's eDocket program will automatically email
15 a link to the foregoing to the following who have consented to email service.
16

17 Lawrence M. LaBine
18 13235 N. Verde River Drive
19 Fountain Hills, AZ 85268
20 *Respondent*

21 By: *Janie L. Ordway*

22
23
24
25
26
Decision No. _____