

ORIGINAL

NEW APPLICATION



0000189253

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS Arizona Corporation Commission

DOCKETED

TOM FORESE - Chairman

BOB BURNS

ANDY TOBIN

BOYD DUNN

JUSTIN OLSON

JUN 15 2018

DOCKETED BY

[Signature]

In the matter of:

CORY R. WILLIAMS (CRD #4797256),

WILLIAMS ADVISORY GROUP, LLC
(CRD #175402), an Arizona limited liability
company,

Respondents.

DOCKET NO. S-21048A-18-0159

**NOTICE OF OPPORTUNITY FOR HEARING
REGARDING PROPOSED ORDER OF
REVOCATION**

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that, under the Arizona Investment Management Act, A.R.S. § 44-3101 *et seq.* ("IM Act"), grounds exist for the revocation of Cory R. Williams' license as an investment adviser representative and Williams Advisory Group, LLC's license as an investment adviser.

I.

JURISDICTION

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

II.

RESPONDENTS

2. Williams Advisory Group, LLC ("WAG") is a limited liability company organized under the laws of the state of Arizona on or about September 27, 2010.

3. At all times relevant to this matter, Cory R. Williams ("WILLIAMS") has been a resident of Arizona.

1 4. At all times relevant to this matter, WILLIAMS has been the statutory agent and the
2 managing member of WAG.

3 5. From on or about April 17, 2015, until December 31, 2016, WAG was licensed with the
4 Commission (CRD #175402) as an investment adviser.

5 6. On December 31, 2016, WAG's licensure with the Commission as an investment adviser
6 expired, pursuant to A.R.S. § 44-3158(A).

7 7. Since at least October 28, 2011 to December 31, 2016, WILLIAMS was licensed with
8 the Commission (CRD #4797256) as an investment adviser representative, in association with dealers
9 Triumph Wealth Advisors, Inc. [October 28, 2011 through October 30, 2015], and WAG [October 26,
10 2015 through December 31, 2016], based in Arizona.

11 8. On December 31, 2016, WILLIAMS' licensure with the Commission as an investment
12 adviser representative expired, pursuant to A.R.S. § 44-3158(A).

13 9. WAG and WILLIAMS may be referred to collectively as "Respondents".

14 **III.**

15 **FACTS**

16 10. On May 3, 2017, the United States Commodity Futures Trading Commission
17 ("CFTC") filed a Complaint in the United States District Court, for the District of Arizona against
18 WILLIAMS and WAG for violations of the Commodity Exchange Act, and CFTC Regulations
19 ("CFTC Complaint").

20 11. On September 27, 2017, the United States Attorney General's Office, District of
21 Arizona filed an Information (the "Information") in the United States District Court, for the District
22 of Arizona (the "Court") against WILLIAMS for violating the United States Code ("U.S.C.").

23 12. On September 27, 2017, WILLIAMS entered into a Plea Agreement with the United
24 States Attorney's Office, District of Arizona, which was accepted by the Court. WILLIAMS plead
25 guilty to the Information charging him with a violation of 18 U.S.C. § 1957(a), Transactional Money
26 Laundering, a Class C felony offense.

1 13. In the Factual Basis of the Plea Agreement, WILLIAMS admits that the following
2 facts are true:

- 3 • From March 2014 through November 2016, WILLIAMS solicited his family, friends,
4 and members of his church into turning over their money to WILLIAMS in order for
5 him to invest on their behalf;
- 6 • WILLIAMS attracted and retained investors by representing that he was a highly
7 successful trader in the futures market when, in fact, he was not;
- 8 • WILLIAMS raised more than \$13,000,000 from at least 40 investors, WILLIAMS
9 represented to these investors they would be participating in a pooled investment
10 vehicle wherein WILLIAMS would trade E-Mini S&P 500 futures in his personal
11 account for the benefit of the investors;
- 12 • WILLIAMS lost more than \$8,000,000 of the investors' funds through trading and
13 did not disclose those losses to the investors, instead WILLIAMS misrepresented to
14 the investors that their investments were making a profit;
- 15 • WILLIAMS used more than \$3,000,000 of the investors' funds to repay certain
16 investors who requested a return of their funds, which helped to conceal his fraudulent
17 scheme;
- 18 • WILLIAMS diverted more than \$800,000 of the investors' funds to his own personal
19 use; and
- 20 • WILLIAMS continued to send text messages to the investors reporting fabricated
21 weekly profits even after he lost all of their money.

22 14. On March 16, 2018, United States District Judge, the Honorable John Tuchi issued an
23 Order [including a Default Judgment] in the CFTC action against WILLIAMS and WAG (the
24 "Order").

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26 ///

1 15. In the Findings of Fact section of the Order, the Court found that the following was
2 sufficiently alleged in the CFTC Complaint:

- 3 • From at least April 2014 through December 2016, WILLIAMS, individually and as
4 agent and officer of WAG, fraudulently solicited and directly accepted \$13,131,390
5 from at least 40 individual and or entities (“pool participants” or “participants”) to
6 participate in a pooled investment vehicle for the purported purpose of trading
7 commodity futures contracts;
- 8 • WILLIAMS traded significant volumes of E-Mini S&P 500 futures contracts in his
9 personal trading accounts using participants’ funds and consistently suffered heavy
10 losses [approximately \$8,300,000 in losses];
- 11 • WILLIAMS lost money every single month he traded from April 2014 through
12 December 2016, all the while falsely representing to participants that he was trading
13 profitably on their behalf;
- 14 • WILLIAMS returned \$3,406,373 of the original \$13,131,390 in participant funds to
15 certain participants as withdrawals of principal or as trading “profits” in furtherance
16 of his fraudulent scheme;
- 17 • WILLIAMS used approximately \$1,300,000 of participants’ funds for his personal
18 expenses;
- 19 • At no time did WILLIAMS operate the pool as legal entity separate from that of the
20 pool operator, nor did WILLIAMS ever open a pool trading account for the benefit of
21 the participants; and
- 22 • WILLIAMS, individually and as an agent and officer of WAG, omitted material facts
23 in his communications to participants, by failing to disclose his misappropriation of
24 participants’ funds, his failure to register as a commodity pool operator (“CPO”), his
25 failure to operate the pool as a separate legally cognizable entity, and his commingling
26 of funds.

1 16. The Order finds that WILLIAMS and WAG violated 7 U.S.C. § 6b(a)(1)(A)-(C)
2 (2012) (Fraud in Connection with Commodity Futures Contracts). The Order further finds that
3 WILLIAMS violated 7 U.S.C. § 6o(1)(A) and (B) (2012) (Fraud by a Commodity Pool Operator).
4 The Order further finds that WILLIAMS violated 17 C.F.R. § 4.20(a)(1), (b), and (c) (2016)
5 (Prohibited Activities by a Commodity Pool Operator). The Order further finds that WILLIAMS
6 violated 7 U.S.C. § 6m(1) (2012) (Failure to Register as a CPO).

7 17. Pursuant to the Order, WILLIAMS and WAG are both permanently restrained,
8 enjoined, and prohibited from directly or indirectly:

- 9 a) Engaging in conduct that violates 7 U.S.C. § 6b(a)(1)(A)-(C), 6m(1), and 6o(1)(A)
10 and (B) (2012), and 17 C.F.R. §§ 4.20(a)(1), (b), and (c) (2016);
11 b) Entering into any transaction involving “commodity interests” for their own personal
12 account or for any account in which they have direct or indirect interest;
13 c) Having any commodity interest traded on their behalf;
14 d) Controlling or directly trading for or on behalf of any other person in any account
15 involving commodity interests;
16 e) Soliciting, receiving, or accepting funds from any person for the purpose of
17 purchasing or selling any commodity interests; and
18 f) Applying for registration or claiming exemption from registration with the CFTC in
19 any capacity, and engaging in any activity requiring registration or exemption from
20 registration with the CFTC.

21 18. According to the Order, WILLIAMS and WAG are ordered to pay, on a joint and
22 several basis, restitution in the amount of \$9,725,017. WILLIAMS and WAG are further ordered to
23 pay, on a joint and several basis, a civil monetary penalty in the amount of \$9,725,017,

24 19. Notwithstanding that the Respondents are not currently licensed with the
25 Commission, under A.R.S. § 44-3202(D) both Respondents continue to be subject to the
26 Commission’s jurisdiction within two years after termination of their licensure for the purpose of

1 denying, suspending, or revoking their licensure in connection with conduct that began before the
2 termination of their licensure.

3 **IV.**

4 **REMEDIES PURSUANT TO A.R.S. § 44-3201**

5 **(Revocation of Investment Adviser and Investment Adviser Representative Licenses)**

6 20. Respondents' conduct is grounds to revoke Respondent WAG's license as an investment
7 adviser and Respondent WILLIAMS' license as an investment adviser representative with the
8 Commission, pursuant to A.R.S. § 44-3201. Specifically, revocation of Respondents' licenses would
9 be in the public interest, and:

10 a) WILLIAMS and WAG are permanently enjoined by order of a court of
11 competent jurisdiction from engaging in or continuing any conduct or practice involving a violation of
12 any federal or state securities law or a violation of any other regulatory licensing requirement, within
13 the meaning of A.R.S. § 44-3201(A)(9); and

14 b) WILLIAMS and WAG have engaged in dishonest or unethical practices in
15 business or financial matters, within the meaning of A.R.S. § 44-3201(A)(14).

16 **V.**

17 **REQUESTED RELIEF**

18 The Division requests that the Commission grant the following relief:

19 1. Order the revocation of Respondent WAG's license as an investment adviser, and
20 Respondent WILLIAMS' license as an investment adviser representative, pursuant to A.R.S. § 44-3201;
21 and

22 2. Order any other relief that the Commission deems appropriate.

23 **VI.**

24 **HEARING OPPORTUNITY**

25 Each Respondent may request a hearing pursuant to A.R.S. § 44-3212 and A.A.C. R14-4-306.
26 **If a Respondent requests a hearing, the requesting Respondent must also answer this Notice. A**

1 request for hearing must be in writing and received by the Commission within 10 business days after
2 service of this Notice of Opportunity for Hearing. The requesting Respondent must deliver or mail the
3 request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
4 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the
5 Commission's Internet web site at <http://www.azcc.gov/divisions/hearings/docket.asp>.

6 If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20
7 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or
8 ordered by the Commission. If a request for a hearing is not timely made the Commission may, without
9 a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for
10 Hearing.

11 Persons with a disability may request a reasonable accommodation such as a sign language
12 interpreter, as well as request this document in an alternative format, by contacting Kacie Cannon,
13 ADA Coordinator, voice phone number (602) 542-3931, e-mail kcannon@azcc.gov. Requests
14 should be made as early as possible to allow time to arrange the accommodation. Additional
15 information about the administrative action procedure may be found at
16 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>

17 VII.

18 ANSWER REQUIREMENT

19 Pursuant to A.A.C. R14-4-305, if a Respondent requests a hearing, the requesting Respondent
20 must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona
21 Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days
22 after the date of service of this Notice. Filing instructions may be obtained from Docket Control by
23 calling (602) 542-3477 or on the Commission's Internet web site at
24 <http://www.azcc.gov/divisions/hearings/docket.asp>.

25 Additionally, the answering Respondent must serve the Answer upon the Division. Pursuant
26 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a

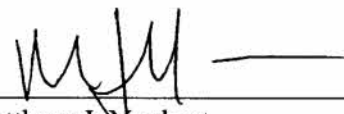
1 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
2 addressed to Michael Shaw.

3 The Answer shall contain an admission or denial of each allegation in this Notice and the
4 original signature of the answering Respondent or Respondent's attorney. A statement of a lack of
5 sufficient knowledge or information shall be considered a denial of an allegation. An allegation not
6 denied shall be considered admitted.

7 When the answering Respondent intends in good faith to deny only a part or a qualification
8 of an allegation, the Respondent shall specify that part or qualification of the allegation and shall
9 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

10 The officer presiding over the hearing may grant relief from the requirement to file an Answer
11 for good cause shown.

12 Dated this 15 day of June, 2018.

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15 Matthew J. Neubert
16 Director of Securities
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