

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In The Matter of

the Association of

Arthur W. Lewis
(CRD No. 1438899)

as a

General Securities Representative

With

A.G.P./Alliance Global Partners
(CRD No. 8361)

Notice Pursuant to Rule 19h-1
Securities Exchange Act
of 1934

SD-2230

Date: October 21, 2019

I. Introduction

On November 26, 2018, A.G.P./Alliance Global Partners (“A.G.P.” or “the Firm”) filed a Membership Continuance Application (“MC-400” or “Application”) with FINRA’s Department of Registration and Disclosure (“RAD”), seeking to permit the association of Arthur W. Lewis (“Lewis”), a person subject to a statutory disqualification as a General Securities Representative.¹ A hearing was not held in this matter. Rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Regulation (“Member Regulation” or “the Department”) approves the Firm’s Application and files this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (the “Exchange Act” or “SEA”).

II. The Statutorily Disqualifying Event

Lewis is subject to a statutory disqualification as that term is defined in Section 3(a)(39)(F), which incorporates by reference Section 15(b)(4)(E) of the Exchange Act, as a result of the imposition of a SEC Order of Administrative Proceeding (“the Order”), dated July 23,

¹ See the Record (“R.”) compiled by RAD and provided to the parties and the Office of General Counsel, pursuant to Procedural Rule 9524(a)(3), with a cover memorandum dated November 29, 2018. The Firm authorized the deduction of the \$5,000 processing fee for the Application from its Central Registration Depository (“CRD”) account on November 21, 2018 (R. at FINRA00218). The Record is attached as Exhibit 1.

2015.² The Commission found that Lewis, as manager of the Boca Raton branch office of Oppenheimer & Co. Inc. (“Oppenheimer”), failed to make reasonable inquiries and to reasonably supervise the conduct of a registered representative. The registered representative illegally sold more than 2.5 billion shares of newly-issued penny stocks, often with Lewis’ direct involvement and approval, despite numerous red flags indicative of illegal unregistered distributions. As a result, the SEC found that Lewis willfully violated Sections 5(a) and (c) of the Securities Act of 1933 (“the Securities Act”), as a necessary participant and substantial factor in the illegal unregistered sales of the securities at issue and that he failed to reasonably supervise the registered representative to prevent and detect the representative’s Section 5 violations. For his misconduct, Lewis was ordered to cease-and-desist from committing or causing any violations of Section 5; barred from association in a supervisory capacity with any broker, dealer, municipal securities dealer, municipal advisor, transfer agent or nationally recognized statistical rating organization, with the right to reapply for reentry after one year; and fined \$50,000.³

III. Background Information

A. Lewis

1. Proposed Duties & Responsibilities

The Firm proposes that Lewis will work from a branch office of the Firm located at 2700 N. Military Trail, Suite 230, Boca Raton, Florida.⁴ Lewis will function as a recruiter at the Firm and he will be registered as a General Securities Representative. His duties and responsibilities will include identifying registered representatives who may be interested in joining the Firm; gathering information regarding the backgrounds of the candidates and their production levels; discussing with candidates the proposed terms of any proposed association; and assisting with transition issues (e.g., technology, support, etc.).⁵ The Firm represents that Lewis will not make any hiring decisions; he will not act in a supervisory capacity; he will not service any client accounts; and he will not have access to any of the Firm’s back office systems.⁶

² See Order, *In the Matter of Arthur W. Lewis*, Exchange Act Rel. No. 75511 (July 23, 2015) (attached as Exhibit 2). Although the SEC Order did not prohibit Lewis from associating as a General Securities Representative, he is required to seek approval to associate as a registered representative because he is subject to disqualification pursuant to Section 3(a)(39)(F) of the Exchange Act, which incorporates by reference Section 15(b)(4)(D), which provides that an individual is subject to statutory disqualification if they have willfully violated any provision of the Securities Act. Further, because Lewis was barred in a supervisory capacity “with a right to reapply” the sanctions from his disqualifying event remain in effect.

³ SEC Finance Staff confirmed to Member Regulation that Lewis paid his fine in full on July 30, 2015.

⁴ See Exhibit 1 at FINRA00184, in response to item 6.

⁵ *Id.* at FINRA00184, in response to item 4.

⁶ *Id.*

2. Registration History

Lewis first qualified as a General Securities Representative (Series 7) in July 1986.⁷ He also passed the Uniform Securities Agent State Law Examination (Series 63) in October 1986; he qualified as a General Securities Sales Supervisor (Series 8) in February 1995, and he passed the Uniform Investment Adviser Law Examination (Series 65) in June 1995.

3. Employment History

Lewis has been associated with the following firms during the following periods:⁸

<u>Employer</u>	<u>Period of Employment</u>
A.G.P./Alliance Global Partners	October 2018 – Present
Aegis Capital Corp.	May 2014 – October 2016
Oppenheimer & Co., Inc.	January 2003 – May 2014
CIBC World Markets Corp.	August 1989 – January 2003
Thomson McKinnon Securities, Inc.	October 1985 – August 1989

4. Customer Complaints

Lewis has been the subject of thirteen customer complaints.

In 2011, a customer filed a complaint alleging that Lewis failed to supervise a registered representative who managed the claimant's account. The claimant alleged \$3,339,720.32 in damages, and the matter settled for \$35,000.⁹

In March 2007, three Florida customers filed complaints against Lewis, claiming, amongst other things, common law fraud, breach of fiduciary duty, and negligence. Prior to an arbitration hearing, the three complaints were settled for \$60,000¹⁰, \$50,000¹¹ and \$24,883.18.¹² Lewis did not personally contribute to these settlements.

The remaining nine customer complaints, filed between 1994 and 2007, were either withdrawn or dismissed.¹³

⁷ See 12 of the CRD Snapshot for Arthur Lewis, extracted from the records of the CRD on September 5, 2019 (attached as Exhibit 3).

⁸*Id.* at 10 – 12.

⁹ *Id.* at 27 – 28.

¹⁰ See Exhibit 3 at 17 – 20.

¹¹ *Id.* at 23 – 26.

¹² *Id.* at 20 – 22.

¹³ *Id.* at 36 – 54.

5. Outside Business Activities (“OBAs”)

Since August 2012, Lewis has been the owner of AWLewisConsulting, Inc., a financial recruiting and placement agency. He devotes 40 hours a week to this entity.¹⁴

6. Terminations

Lewis was terminated from Oppenheimer on May 9, 2014 due to “Violation of firm policy, not sales practice related.”¹⁵

7. Prior SEA Rule 19h-1 Notices

Lewis has no previous approvals or denials pursuant to SEA Rules 19h-1 or 19d-1.

FINRA is unaware of any other disciplinary or regulatory proceedings or customer complaints against Lewis.

IV. Background Information of A.G.P.

A. The Firm

A.G.P. is based in Westport, Connecticut and the Firm has been a FINRA member since October 1980.¹⁶ On June 27, 2018, the Firm’s name was formally changed from Euro Pacific Capital, Inc. to A.G.P.¹⁷ The Firm represents that it has eleven branch offices, five of which are Offices of Supervisory Jurisdiction (“OSJ”).¹⁸ The Firm employs three 87 registered representatives; 32 registered principals; and 120 non-registered employees.¹⁹ Aside from Lewis, the Firm does not employ any other statutorily disqualified persons.²⁰

The Firm is engaged in the following lines of business:²¹ broker or dealer making inter-dealer markets in corporate securities over-the-counter (IDM); broker or dealer retailing

¹⁴ See Exhibit 3 at 12.

¹⁵ See Form U5 filing, dated June 4, 2014, filed by Oppenheimer on behalf of Lewis (attached as Exhibit 4).

¹⁶ See Exhibit 1 at FINRA00186.

¹⁷ See Firm’s Form BD Amendment, dated June 27, 2018, which evidences the name change from Euro Pacific Capital, Inc. to A.G.P./Alliance Global Partners Corp. (attached as Exhibit 5).

¹⁸ See Exhibit 1 at FINRA00186.

¹⁹ *Id.*

²⁰ *Id.* at FINRA00186, in response to item 3.

²¹ See 5 of the CRD Snapshot for the Firm, extracted from the records of the CRD on September 5, 2019 (attached as Exhibit 6).

corporate equity securities over-the-counter (BDR); underwriter or selling group participant (corporate securities other than mutual funds) (USG); mutual fund underwriter or sponsor (MFU); mutual fund retailer (MFR); broker or dealer selling variable life insurance or annuities (VLA); investment advisory services (IAD); trading securities for own account (TRA); private placements of securities (PLA); the Firm's primary business consists of investment banking-related transactions for private and public offerings, and effecting transactions in foreign stocks and bonds, including foreign exchange-listed securities, American Depository Receipts and Global Depository Receipts²²; and the Firm sells gold bullion and other precious metals through the Perth Mint Certificate Program.²³

B. FINRA Routine Examinations

A.G.P.'s most recent Cycle Examination was conducted in 2018 and the Firm was issued a cautionary action for the thirteen exceptions noted therein.²⁴ Amongst the exceptions, the Firm was cited for violating FINRA Rule 2241(b) (Identifying and Managing Conflicts of Interest) because it failed to establish, maintain and enforce procedures to identify and effectively manage conflicts of interest; the Firm also failed to comply with FINRA Rule 3110(b)(4) (Review of Correspondence and Internal Communications) and Exchange Act Rule 240.17a-4 (b) because several registered representatives were using non-firm email accounts to conduct securities related business and the Firm was not properly reviewing and retaining emails relating to those accounts; and A.G.P. failed to comply with FINRA Rule 3110 (b) (Written Procedures) and FINRA Rule 3110(b)(5) (Review of Customer Complaints) because the Firm failed to enforce its Written Supervisory Procedures ("WSPs) requiring the Compliance Department to send initial acknowledgements of receipt of written customer complaints to customers. In addition, the Firm's Compliance Department failed to provide responses and resolutions to the customers.

The Firm's 2017 Cycle Examination also resulted in a cautionary action for the six exceptions noted.²⁵ Amongst other things, the exceptions related to the Firm's website was exhibiting examples of content that was outdated, inflammatory, exaggerated and oversimplified, which was a violation of FINRA Rule 2210(d) (Content Standards) and FINRA Rule 2210(b)(4(A) (Approval, Review and Recordkeeping); and the Firm was not in compliance with FINRA Rule 3110(b) (Written Procedures) because A.G.P. failed to implement its WSPs regarding mutual fund switching.

²² See Exhibit 6 at 6.

²³ *Id.* at 7.

²⁴ See FINRA Disposition Letter dated April 26, 2019, the Examination Report No. 20180563729) dated February 15, 2019 and the Firm's response, dated March 5, 2019 (collectively attached as Exhibit 7).

²⁵ See FINRA Disposition Letter and Examination Report No. 20170522658, dated May 15, 2018 and the Firm's response dated April 19, 2018 (collectively attached as Exhibit 8).

C. Regulatory Actions

Within the past two years, A.G.P. has been the subject of two regulatory actions. The Firm entered into a Letter of Acceptance, Waiver and Consent with FINRA in 2019.²⁶ In that action, A.G.P. was fined \$10,000 and censured because in January 2016, while under its prior ownership as Euro Pacific Capital, it charged a corporate customer \$6,000 for a Form 211 Application in violation of FINRA Rules 5250 and 2010. In the second regulatory action, the Firm entered into an AWC with the NASDAQ Stock Market in 2018 for failing to maintain a continuous two-sided trading interest during regular market hours at prices within certain percentages from the National Best Bid or Offer. This violation occurred because the Firm failed to set up the automated quote refresh function in its order management system for each security for which it was a market maker. This misconduct was a violation of NASDAQ Rule 4613(a).²⁷

Prior to 2018, the Firm entered into eight other FINRA or NASD AWCs²⁸ and three state regulatory actions. The state actions were as follows: (i) the New Hampshire Bureau of Securities Regulation issued a consent against the Firm in 2015, because it failed to pay a penalty of \$1,625 to that state for the late filing of financial statements²⁹; (ii) in 2009, the Connecticut Banking Commissioner fined the Firm \$6,500 for effecting transactions in unregistered, non-exempt securities³⁰; and (iii) in 2006 the state of Illinois fined the Firm \$1,500 due to its failure to fail a report which was required by that state.³¹

FINRA is unaware of any other disciplinary or regulatory proceedings or customer complaints brought against the Firm.

V. Proposed Supervisors

A. Primary Supervisor – Matthew B. Grosjean (CRD No. 6222471)

A.G.P. proposes that Matthew B. Grosjean (“Grosjean”) will act as Lewis’ primary supervisor.³² Grosjean has been employed with the Firm since February 2019.³³ Like Lewis, he will also work from the Firm’s branch office located in Boca Raton, Florida.³⁴

²⁶ Exhibit 6 at 51 – 53.

²⁷ *Id.* at 47 – 50.

²⁸ *Id.* at 10 – 12; 16 – 25; and 29 – 43.

²⁹ *Id.* at 44 – 46.

³⁰ *Id.* at 26 – 28.

³¹ *Id.* at 13 – 15.

³² See email from James D. Sallah, Counsel for A.G.P., to Lorraine Lee, of FINRA, dated September 3, 2019 (attached as Exhibit 9).

³³ See 8 of the CRD Snapshot for Matthew Grosjean, extracted from CRD on September 5, 2019 (attached as Exhibit 10).

³⁴ *Id.*

1. Registration History

Grosjean first qualified as an Investment Company and Variable Contracts Products Representative (Series 6) in July 2013.³⁵ He then passed the Uniform Securities Agent State Law Examination (Series 63) in January 2015. He later qualified an Investment Company Products/Variable Contracts Limited Supervisor (Series 26) in February 2016; as a General Securities Representative (Series 7) in June 2016; as a General Securities Principal (Series 24) in October 2016; and he passed the Uniform Investment Adviser Law Exam (Series 65) in January 2017.³⁶

2. Employment History

Grosjean has been associated with the following firms during the following periods:³⁷

<u>Employer</u>	<u>Period of Employment</u>
A.G.P.	February 2019 – Present
Foresters Advisory Services, Inc.	January 2017 – February 2019
Foresters Financial Services, Inc.	August 2014 – February 2019
First Investors Corporation	August 2014 – September 2014
PFS Investments Inc.	December 2013 – July 2014
First Investors Corporation	July 2013 – December 2013

3. OBA's

Grosjean has not reported any OBA's.³⁸

FINRA is unaware of any disciplinary or regulatory proceedings or customer complaints against Grosjean.

Alternate Supervisor – Jose Perich (CRD No. 1309507)

The Firm has designated Jose Perich (“Perich”) to act as Lewis’ alternate supervisor.³⁹ Perich has been employed with the Firm since September 2019 and he works from a branch office in Miami, Florida.

³⁵ *Id.* at 10.

³⁶ *Id.*

³⁷ *Id.* at 8 – 9.

³⁸ *Id.* at 10.

³⁹ *See* Exhibit 9.

1. Registration History

Perich first qualified as a General Securities Representative (Series 7) in February 1999.⁴⁰ He also passed the Uniform Securities Agent State Law Examination (Series 63) in August 1999. He also qualified as a Securities Trader⁴¹ (Series 55) in November 1999; as a General Securities Principal (Series 24) in May 2000; as a Financial and Operations Principal (Series 27) in August 2000; and he passed the Uniform Investment Adviser Law Examination (Series 65) in October 2018.⁴²

2. Employment History

Perich has been associated with the following firms during the following periods:⁴³

<u>Employer</u>	<u>Period of Employment</u>
A.G.P.	September 2019 – Present
Citigroup Global Markets, Inc.	July 2018 – September 2019
Hapoalim Securities USA, Inc.	December 2014 – July 2017
Intl FCSTONE Securities, Inc.	January 2013 – December 2014
Vector Global WMG	January 2011 - March 2012
Mercantil Commercebank Investment Services	September 2004 – March 2009

3. OBAs

Perich has not reported any OBAs.

FINRA is unaware of any disciplinary or regulatory proceedings or customer complaints against Perich.

VI. Proposed Plan of Supervision

A.G.P. has agreed to the following plan of heightened supervision:⁴⁴

1. The written supervisory procedures ("WSPs") of A.G.P. will be amended to state that Matthew B. Grosjean ("Grosjean") will be the primary supervisor responsible for

⁴⁰ See 14 – 15 of the CRD Snapshot for Jose Perich, extracted from CRD on September 5, 2019 (attached as Exhibit 11).

⁴¹ This registration is n/k/a the Series 57.

⁴² See Exhibit 11 at 14 – 15.

⁴³ *Id.* at 12 – 14.

⁴⁴ See executed plan of supervision, as agreed to by the Firm and Lewis, and executed on October 18, 2019 (attached as Exhibit 12).

Arthur Lewis (“Lewis”) and that Jose Perich (“Perich”) will be the alternate supervisor;*

2. Lewis will be supervised onsite by Grosjean, in the Firm’s branch office located at 2700 N. Military Trail, Suite 230, Boca Raton, Florida;*
3. If Grosjean is to be on vacation or out of the office for an extended period, Perich will act as Lewis’ interim supervisor;*
4. Considering that Perich works from a branch office in Miami, Florida; during any period that he is supervising Lewis, he will do so from the branch office in Boca Raton, Florida, where Lewis is located;*
5. Lewis will function solely as a recruiter for the Firm, with the title of “Business Development/National Recruiting;”*
6. Any candidate, identified by Lewis for possible hire, will be submitted to the Firm’s Senior Management team for review and consideration. Lewis will identify, to Grosjean, any candidate that he recommends to Senior Management. Grosjean will maintain written documentation of any candidate that Lewis recommends. Documentation will be maintained and kept segregated for ease of review during any statutory disqualification audit;*
7. Lewis will not maintain discretionary accounts;
8. Lewis will not service any client accounts, with the exception of accounts maintained by, or for, Lewis’ immediate family members;*
9. Lewis will have no contact with any retail clients, with the exception of clients who are his immediate family members;*
10. Lewis will not act in a supervisory capacity;*
11. Lewis will not hold any principal registrations at A.G.P.;*
12. Lewis will not engage in any sales-related training of registered representatives of the Firm or persons seeking to become registered representatives of the Firm;*
13. With the exception of A.G.P.’s WealthScape system, A.G. P.’s email system, the Xtivia system, and A.G.P.’s intranet system, Lewis will not have access to any other back office systems at A.G.P.;^{45*}

⁴⁵ See explanation as to why Lewis will need access to the aforementioned back office systems: 1) WealthScape system - will provide Lewis access to the accounts for his immediate family members and his personal account. He will, however, be restricted from accessing any other accounts serviced by other financial advisors; 2) A.G.P.’s email system – will provide Lewis access to the firm’s email system so that he can send and receive emails; 3) Xtivia – this system will permit Lewis to access his (and only his)

14. Grosjean will review Lewis' incoming written correspondence (which would include e-mail communications) upon its arrival and will review outgoing correspondence (including email communications) within 72 hours of Lewis' sending such correspondence;*
15. With all business-related matters, Lewis will only be permitted to use an e-mail account that is held at the Firm, with all e-mails running through the Firm's email system. If Lewis were to receive a business-related email communication, in a non-Firm e-mail account, he will immediately inform Grosjean, of the email and will forward it to his A.G.P. e-mail address. Grosjean will document any occurrence of Lewis receiving such an e-mail. Documentation will be maintained and kept segregated for ease of review during any statutory disqualification audit;*
16. All complaints pertaining to Lewis, whether verbal or written, will be immediately referred to Grosjean for review, and then to the Compliance Department. Grosjean will prepare a memorandum to the file as to what measures he took to investigate the merits of the complaint (e.g., contact with the customer) and the resolution of the matter. Documents pertaining to these complaints should be kept segregated for ease of review;*
17. For the duration of Lewis' statutory disqualification, the Firm must obtain prior approval from Member Regulation if it wishes to change Lewis' primary or alternate supervisors or if the Firm wishes to change any provisions of this plan. The Firm will submit any proposed changes or other requested information under this Plan to FINRA's Statutory Disqualification Group at FINRA, 1735 K Street NW, Washington, DC 20006 and/or SDMailbox@finra.org; and*
18. Grosjean must certify quarterly (March 31st, June 30th, September 30th, and December 31st) in writing to the Compliance Department of A.G.P. that he and Lewis are in compliance with all of the above conditions of heightened supervision to be accorded Lewis.*

VII. Discussion

After a careful review of the entire record in this matter, Member Regulation recommends approval of A.G.P.'s Application to permit the association of Lewis as a General Securities Representative, subject to the supervisory terms and conditions outlined herein. The factors that Member Regulation considered in making this assessment include: the nature and gravity of the disqualifying event; the length of time that has elapsed since the

commission/payroll for his own production; and 4) A.G.P.'s intranet system - will allow Lewis to view news alerts, the firm's compliance manuals, etc.

disqualifying event; whether any intervening misconduct has occurred; the nature of the securities-related activities proposed in the Application; the regulatory history and industry experience of the Firm and the proposed supervisors; and any other mitigating or aggravating circumstances that may exist.

While the SEC's Order at issue involves serious violations of the federal securities laws, the Commission accepted Lewis' Offer of Settlement and in so doing, Lewis was barred from acting as a supervisor, with the right to reapply after one year. With this approval, Lewis would not be acting in contravention to the SEC's Order, as he will be associating with A.G.P. as a General Securities Representative and not a principal or a supervisor. Further, the Commission concluded, in its proceeding that it would not restrict or limit Lewis' future securities activities, as it relates to him acting in less than the prohibited capacity.

Moreover, the proposed supervisors are qualified and experienced. Both Grosjean and Perich have long tenures in the industry and neither have ever been the subject of any disciplinary or regulatory matters. In addition, Grosjean will be supervising Lewis onsite, from the branch office in Boca Raton, Florida. Further, as aforementioned, Perich currently works from the Firm's branch office in Miami, Florida, however, he will work from the Boca Raton office when he is required to supervise Lewis.

Further, the Firm has agreed to a comprehensive plan of heightened supervision to effectively monitor Lewis' activities.

Accordingly, the Department concludes that it would not constitute unreasonable risk of harm to the market and investors to permit Lewis' association with the Firm.

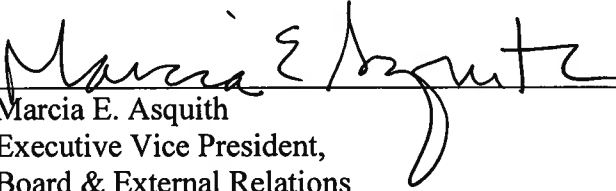
VII. Conclusion

The Department recommends that A.G.P.'s Application to employ Lewis be approved for the following reasons:

- There has been no intervening misconduct by Lewis since the imposition of the SEC's Order;
- The SEC's Order did not limit or bar Lewis from acting in the capacity proposed;
- A.G.P. has proposed experienced and capable supervisors who will monitor Lewis' work; and
- The Firm has agreed to supervise Lewis in accordance with a stringent Plan of Supervision.

In conformity with the provisions of Exchange Act Rule 19h-1, the association of Lewis with the Firm will become effective within 30 days of receipt of this Notice by the Commission, unless otherwise notified by the Commission.

On Behalf of the National Adjudicatory Council,



Marcia E. Asquith
Executive Vice President,
Board & External Relations

Exhibits

1. The Record (“R.”) compiled by RAD and provided to the parties and the Office of General Counsel, pursuant to Procedural Rule 9524(a)(3), with a cover memorandum dated November 29, 2018.
2. SEC Order, *In the Matter of Arthur W. Lewis*, Exchange Act Rel. No. 75511 (July 23, 2015).
3. CRD Snapshot for Arthur Lewis, extracted from the records of the CRD on September 5, 2019.
4. Form U5 filing, dated June 4, 2014, filed by Oppenheimer on behalf of Lewis.
5. Firm’s Form BD Amendment, dated June 27, 2018.
6. CRD Snapshot for the Firm, extracted from the records of the CRD on September 5, 2019.
7. FINRA Disposition Letter dated April 26, 2019, the Examination Report No. 20180563729) dated February 15, 2019 and the Firm’s response, dated March 5, 2019.
8. FINRA Disposition Letter and Examination Report No. 20170522658, dated May 15, 2018 and the Firm’s response dated April 19, 2018.
9. Email from James D. Sallah, Counsel for A.G.P., to Lorraine Lee, of FINRA, dated September 3, 2019.
10. CRD Snapshot for Matthew Grosjean, extracted from CRD on September 5, 2019.
11. CRD Snapshot for Jose Perich, extracted from CRD on September 5, 2019.
12. Executed plan of supervision, as agreed to by the Firm and Lewis and executed on October 18, 2019.