

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

TIMOTHY TILTON AYRE,  
(CRD No. 2091556),

Respondent.

DISCIPLINARY PROCEEDING  
NO. 2016049307801

HEARING OFFICER:

**COMPLAINT**

The Department of Enforcement alleges:

**SUMMARY**

1. From January 2013 through March 18, 2016, and June 2, 2016 through October 2016 (collectively, the “Relevant Period”), Respondent Timothy Ayre attempted to attract public investment in his worthless public company, Rocky Mountain Ayre, Inc. (“RMTN”), by making material misstatements in RMTN’s public filings and by creating, offering, and selling unregistered cryptocurrency securities to the public that he touted as “the first minable coin backed by marketable securities.”

2. Ayre was the President and a Director of RMTN and, in that capacity, he was the sole individual responsible for the company’s public disclosures. Ayre also was RMTN’s largest individual shareholder. RMTN was quoted on the Pink Market of OTC Markets Group (“OTCM”) and traded over the counter.

3. As discussed in more detail below, Ayre defrauded investors by authoring and executing multiple Pink Market disclosures and financial statements for RMTN that contained material false or misleading statements and omissions.

4. In particular, Ayre falsely stated the nature of RMTN's business in nearly every Pink Market disclosure it made during the Relevant Period. Ayre also failed to disclose the terms of a material transaction regarding RMTN's creation of a cryptocurrency security that was a cryptocurrency backed by 500 million shares of newly-issued RMTN common stock. Finally, Ayre was responsible for multiple false assertions in RMTN's financial statements regarding its cash and the value of its assets.

5. By virtue of this conduct, Ayre violated Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), Rule 10b-5(b) thereunder and FINRA Rule 2020.

6. Ayre also accessed the capital markets by offering and selling unregistered cryptocurrency securities in contravention of Section 5 of the Securities Act of 1933 and thereby violated FINRA Rule 2010.

7. In June 2015, RMTN acquired the rights to a cryptocurrency, HempCoin, and repackaged it into a security to launch to the public. RMTN issued and reserved 500 million shares of common stock for the sole purpose of supporting the maximum number of coins offered to the public. Ayre marketed HempCoin as "the world's first currency to represent equity ownership" in a publicly-traded company, and represented that each coin was equivalent to 0.10 shares of RMTN common stock.

8. When Ayre offered and distributed HempCoin to the public in early 2016, he hoped his creative structuring would stimulate a demand for the securities that would increase their value. If the value of the securities rose, Ayre hoped for a corresponding rise in the value of his otherwise worthless company.

9. No registration statement for the HempCoin securities was ever filed with the Securities and Exchange Commission, and no sales were exempt from registration. Ayre was a necessary participant and substantial factor in the unlawful sales because he was intimately

involved in the creation and marketing of the securities. Thus, by engaging in the offer and sale of unregistered securities, Ayre acted in contravention of Section 5 of the Securities Act of 1933 and thereby violated FINRA Rule 2010.

10. During the Relevant Period, Ayre also participated in sales of RMTN convertible debt totaling \$205,100 and other transactions involving more than five hundred million shares of RMTN common stock. Ayre never disclosed these securities transactions to his broker dealer employer, thereby violating NASD Rule 3040 (for conduct through September 20, 2015), FINRA Rule 3280 (for conduct on or after September 21, 2015), and FINRA Rule 2010.

### **RESPONDENT AND JURISDICTION**

11. Ayre entered the securities industry in August 1990 and since that time was associated with six FINRA-regulated broker-dealers. Ayre was registered in the following capacities: General Securities Representative; General Securities Principal; Financial and Operations Principal; Municipal Securities Representative; Municipal Securities Principal; and Operations Professional.

12. Between May 1997 and May 2013, Ayre was registered through Ayre Investments, Inc., a FINRA-regulated broker-dealer (“Ayre Investments”). At Ayre Investments, Ayre held the title of Chief Compliance Officer (“CCO”) and was responsible for the company’s regulatory filings.

13. In May 2013, Ayre became registered through Spencer Edwards, Inc. (“Spencer Edwards” or the “Firm”), where he remained until March 18, 2016. In a Uniform Termination Notice for Securities Industry Registration (“Form U5”), dated March 18, 2016, Spencer Edwards reported the termination of Ayre’s employment “with cause due to violations including non-disclosure of reportable events.”

14. Ayre became registered through Four Points Capital Partners, LLC (“Four Points”) on June 2, 2016 and voluntarily resigned effective October 3, 2016.

15. Ayre currently is not registered with FINRA, but remains subject to FINRA’s jurisdiction for purposes of this proceeding pursuant to Article V, Section 4 of FINRA’s By-Laws because: (i) the Complaint was filed within two years after the effective date of termination of Ayre’s registration with Four Points, namely, October 3, 2016; and (ii) the Complaint charges Ayre with misconduct committed while he was registered or associated through a FINRA member firm.

## **FACTS**

### **I. Background**

16. Between March 1999 and August 2012, Ayre directly or indirectly owned a FINRA regulated broker-dealer, Ayre Investments. In 2005, Ayre formed a private holding company, AyreTrade Financial, Inc. (“ATF”), to be the sole owner of Ayre Investments.

17. In May 2012, ATF completed a reverse merger with a public shell corporation that traded over the counter and was quoted on OTCM’s Pink Market. The resulting company was renamed AyreTrade, Inc. (“ATI”). Two months later, ATI sold its broker-dealer operations and remained a public holding company with no underlying business.

18. ATI continued to have no operating business through mid August 2014.

19. To avoid an SEC-imposed trading suspension due to its lack of business operations, ATI purchased a failing restaurant from Ayre’s friend (the “Bistro”) on August 15, 2014.

20. ATI bought the Bistro for \$25,000 and 1,000,000 shares of restricted ATI stock.

21. Three weeks after the purchase, the Bistro’s manager and chef left the business and Ayre’s girlfriend – who had no prior restaurant experience – became the Bistro’s only

employee. During the Relevant Period, the Bistro struggled and its revenues were barely sufficient to maintain operations.

22. On January 2, 2015, ATI changed its name to Rocky Mountain Ayre, which traded over the counter and was quoted on the Pink Market under the ticker symbol RMTN.

23. For ease of reference, ATI and RMTN are referred to as RMTN during the Relevant Period.

## **II. RMTN Acquires the Rights to HempCoin and Creates a Security**

24. In June 2015, RMTN purchased the rights related to a cryptocurrency named HempCoin.

25. Cryptocurrencies like HempCoin are virtual currencies or digital assets designed to enable purchases, sales and other financial transactions. One of the signature features of cryptocurrencies is the ability for individuals to transact in cryptocurrency anonymously. Each transaction is encrypted and recorded on a decentralized ledger called a blockchain, allowing both the buyer and seller to mask his or her identity.

26. HempCoins were created through a “mining” process in which individuals use computers to obtain the cryptocurrency by competing to solve a mathematic algorithm. The winner of such competition obtains a new block of virtual coins. Like other cryptocurrencies, HempCoin used a blockchain to verify and record the mining transactions.

27. Once coins are acquired, they can be stored electronically in a digital wallet to be used as a medium of exchange or traded on a cryptocurrency exchange.

28. On June 9, 2015, RMTN entered an Asset Purchase Agreement with THC Farmaceuticals (“THC”) (the “APA”). Ayre signed the APA on behalf of RMTN as President.

29. Under the APA, in exchange for stock, RMTN purchased from THC the majority stake in HempCoin. Specifically, RMTN acquired 1.5 billion of the total outstanding 2.5 billion

coins. THC retained ownership of the remaining 1 billion coins.

30. In addition, under Section 1.1 of the APA, RMTN acquired the domain name hempcoin.com and:

[A]ll intellectual property associated with hempcoin, hempcoin purse, and hempcoin as a crypto currency, including any copyrights, trademarks and patents, whether registered or unregistered, statutory or common law (and any rights to claim to register such intellectual property).

31. By acquiring the above rights in HempCoin, RMTN owned the right to distribute the cryptocurrency to the public in the form of two types of software code: (i) code to enable mining of HempCoins; and (ii) code for a digital wallet to store and transact in the cryptocurrency.

32. Ayre and RMTN did not merely distribute software code to enable HempCoin cryptocurrency transactions, however. Instead, RMTN attached certain rights to HempCoin and, by doing so, transformed the cryptocurrency into a security.

33. As set forth in Section 2.3 of the APA:

[RMTN] shall back 100% of the maximum amount of HempCoins to be mined (5 billion) at all times during the life of the company with 500 million shares of RMTN common stock (the "Backing Shares") representing a ratio of 1 share of RMTN stock per each 10 HempCoins. Said ratio of 1 share of RMTN common stock per each 10 HempCoins shall not be reduced at any time for any reason by any actions of RMTN or a third party.

34. Section 2.3 further provided:

RMTN shall hold a physical certificate for 500 million shares representing the Backing Shares for the benefit of the Hempcoin holders. Said certificate shall not be subject to sale or transfer to a third party.

35. Consistent with Section 2.3 of the APA, RMTN issued a Common Stock Certificate, dated June 22, 2015, certifying that 500,000,000 shares of RMTN are held for the benefit of "ALL HEMPCOIN (HMP) OWNERS PRO RATA 1 SHARE BACKS 10

HEMPCOINS.”

36. To create the 500 million backing shares, RMTN represented in Section 2.4 of the APA that it “shall increase its authorized shares of common stock from 100 million to 600 million.”

37. Ayre understood he created a structure that transformed HempCoin into a security tied to RMTN stock.

38. RMTN publicized the backing of HempCoin with RMTN stock as a key feature of the cryptocurrency security. For example, on November 17, 2015, RMTN issued a press release stating that the company “is pleased to announce that it has completed testing on its Crypto-Currency HempCoin (HMP)” and that HMP “is backed by the marketable securities of RMTN.”

39. On November 19, 2015, a director of RMTN stated in an interview with SmallCapVoice.com that “[n]ot only do we believe this is the world’s first cryptocurrency to have intrinsic value, but we believe it is the world’s first currency to represent equity ownership.”

40. On April 21, 2016, RMTN issued a press release reiterating that HempCoin was “backed by the marketable securities of RMTN, with every 10 HempCoins . . . backed by 1 share of RMTN.”

41. Once available to the public, investors could obtain HempCoins in two ways: (i) mining the coins, and/or (ii) purchasing the coins on a cryptocurrency exchange.

42. After Ayre acquired HempCoin, Ayre and RMTN distributed HempCoin mining and digital wallet software to the public. Cryptocurrency investors mined more than 81 million HempCoins backed by RMTN shares after the APA was signed. Mining continued until at least late 2017.

43. Following RMTN’s acquisition of HempCoin, RMTN and Ayre caused the cryptocurrency to begin trading on at least two cryptocurrency exchanges, C-Cex and Yobit. For the months of June, July, and August 2016 – while Ayre was registered at Four Points – HempCoin traded on exchanges at an average daily volume of 20,197,000.96, 6,034,417.39, and 3,439,897.95 coins, respectively.

44. HempCoin was never registered with the SEC, and no exemption from registration under the Securities Act applied.

45. During the Relevant Period, RMTN maintained the website for HempCoin that made clear that the cryptocurrency was a security: “Hemp coin is the First Movable Coin Backed by Marketable Securities.”

46. The home page for HempCoin.com also displayed a real-time ticker. On July 22, 2016, the ticker read as follows:

Price: \$0.000538 HMP/USD	Market cap: \$1,535,279	Monetary supply: 2,854,787,666 HMP	RMTN Stock Ticker: \$0.141	HMP Intrinsic Value based on RMTN: \$0.0141
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47. As shown above, Ayre created an “intrinsic value” of HempCoin equivalent to one-tenth the value of the RMTN common stock, consistent with the terms of the APA.

### III. Ayre’s Material Misstatements and Omissions in Public Filings

48. During the Relevant Period, RMTN traded over the counter and was quoted on OTCM’s Pink Market.

49. Ayre signed and filed multiple annual and quarterly filings in accordance with OTCM’s Pink Basic Disclosure Guidelines (the “Pink Guidelines”) on behalf of RMTN.

50. To attract more potential investors, Ayre decided to file with OTCM as a “Current Information” reporting company. As such, the Pink Guidelines required disclosure of certain “adequate current information to the public markets with a view to encouraging compliance with



the [federal securities laws].”

51. Specifically, the Pink Guidelines “Current Information” category requires the disclosure of the issuer’s business, material corporate events such as the entry or termination of a material definitive agreement, and financial statements prepared according to U.S. Generally Accepted Accounting Principles (“GAAP”).

52. In each of RMTN’s filings with OTCM during the Relevant Period, Ayre certified as President of RMTN:

Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement . . . .

53. Ayre also certified:

Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

54. Despite these certifications, RMTN’s OTCM filings contained multiple material false and misleading statements and omissions.

**A. Ayre Makes False Statements about RMTN’s Business**

55. Nearly every statement filed with OTCM during the Relevant Period contained a false statement regarding the issuer’s business.

56. All twelve of the OTCM quarterly and annual filings from January 2013 through September 2014 stated:

[The company’s] mission is to provide high quality financial planning and service as well as fast, superior trade executions at reasonable cost. . . .

The company trades securities as an agent and a principal on exchanges such as the NYSE, AMEX and NASDAQ and maintains selling agreement with the nation's largest mutual fund families and insurance companies offering over 2,000 load and no load mutual fund products.

57. These statements were false and misleading. Ayre sold RMTN's broker-dealer operations in 2012. From that time through August 2014, the company was a holding company with no underlying business. When Ayre did acquire an asset for RMTN in 2014, it was a failing Bistro that did not provide "high quality financial planning and service as well as fast, superior trade executions at reasonable cost."

58. In in the first quarter of 2015, Ayre revised the disclosure to read as follows:

[RMTN] is a holding company increasing its assets and revenue base through the acquisition of fast-growing food and hospitality and, manufacturing and retail businesses.

59. This disclosure appeared in four OTCM filings through the end of 2015.

60. This statement was false and misleading because during 2015, RMTN's only asset was a single failing restaurant. Contrary to the disclosure, RMTN was not acquiring "fast-growing food and hospitality and, manufacturing and retail businesses."

**B. Ayre Fails to Disclose the Terms of the APA**

61. RMTN's OTCM filings also were false and misleading from June 2015 through September 2016 because the filings never disclosed the terms and conditions of the APA as required by the Pink Guidelines, including that RMTN created an unregistered convertible cryptocurrency security.

62. RMTN also failed to disclose the APA's restrictions on the issuance of additional shares, which was how Ayre historically paid for his business and compensated himself and others. Specifically, RMTN granted THC a veto power over any increase of RMTN's authorized shares above 600 million, and over any issuance of preferred stock. RMTN also agreed to avoid

dilution of THC's ownership to less than 3.333%, and was prohibited from issuing any shares at less than \$0.10 per share.

**C. Ayre Presents Misleading Financial Statements**

63. In each OTCM disclosure during the Relevant Period, Ayre affirmed that RMTN's "accounting policies conform to United States generally accepted accounting principles and have been consistently applied in the preparation of these financial statements."

64. Contrary to this representation, the financial statements did not conform to GAAP accounting principles. Instead, the statements contained misleading information by double counting assets related to the Bistro, which allowed Ayre to conceal the true value of the business.

65. Also during the Relevant Period, RMTN issued three statements that falsely inflated the company's cash in 2013.

66. RMTN's financial statements for the period ending March 31, 2013 falsely disclosed cash assets of \$34,411, which inflated the company's actual cash balance of \$24,024.68 by 43 percent.

67. RMTN's financial statements for the period ending June 30, 2013 falsely disclosed cash assets of \$34,945, which inflated the company's actual cash balance of \$21,876.91 by 60 percent.

68. RMTN's financial statements for the period ending September 30, 2013 falsely disclosed cash assets of \$32,773, when the company had a deficit of \$486.90.

**IV. Ayre Failed to Disclose His Participation in Private Securities Transactions to His FINRA Member Firm**

69. During the period Ayre was associated with the Firm, Spencer Edwards maintained written supervisory procedures ("WSPs") that required prior disclosure and approval to participate in a private securities transaction.

70. The WSPs required Ayre to “provide written notice to the Firm describing in detail the proposed transaction and [his] proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction...” In addition, the WSPs required Ayre to receive written acknowledgment of the requisite notice.

71. The WSPs further required the Firm’s written consent for all outside business activities, including, “[s]erving as an officer, director, or partner of a business organization other than the Firm,” and “[o]wning any stock or having ... any financial interest in an organization engaged in the business of securities ....”

72. On May 1, 2014, Ayre executed a consulting agreement on behalf of RMTN with Simon Jacobson (“Jacobson”). Jacobson was hired to locate purchasers of RMTN convertible debt owed to a single investor.

73. From May 2014 through April 2015, Jacobson arranged for at least 14 different investors to purchase the convertible debt totaling \$205,100.

74. Ayre participated in these transactions on behalf of RMTN. He spoke with a number of the investors to provide background on himself and/or RMTN and to provide information on converting the debt into RMTN shares. Ayre also signed the July 2014 RMTN Board of Directors resolution issuing RMTN shares to various debt purchasers.

75. In addition, on numerous occasions during the Relevant Period, Ayre issued millions of shares of RMTN common stock to pay for company business and services instead of paying in cash. The RMTN stock transactions included distributions to purchase the Bistro, to pay RMTN’s accountant, and to pay Ayre for his services as RMTN’s President.

76. Ayre and RMTN also initiated a number of securities transactions to implement the terms of the APA, including issuing 500 million new shares of RMTN common stock, creating a new unregistered HempCoin security, and issuing 8,745,000 shares of RMTN stock to

THC.

77. In total, during the Relevant Period Ayre participated in private transactions involving more than five hundred million shares of RMTN.

78. Ayre knew of his obligation to disclose his private securities transactions, but failed to do so. Indeed, on September 30, 2014, July 1, 2015, and January 27, 2016, Ayre signed numerous compliance forms acknowledging his obligation to disclose his participation in private securities transactions.

79. Ayre never disclosed to Spencer Edwards his participation in any of the securities transactions described above.

**FIRST CAUSE OF ACTION**  
**MATERIAL MISREPRESENTATIONS AND OMISSIONS**

***Willful Violations of Section 10(b) of the Securities Exchange Act of 1934,  
SEC Rule 10b-5(b), and FINRA Rules 2020 and 2010***

80. The Department realleges and incorporates by reference paragraphs 1-79 above.

81. Section 10(b) of the Exchange Act prohibits “any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national security exchange . . . to use or employ, in connection with the purchase or sale of any security . . . any manipulative or deceptive device or contrivance.”

82. Rule 10b-5, promulgated under the Exchange Act, prohibits any person, “directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, (a) to employ any device, scheme or artifice to defraud, (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or (c) to engage in any act, practice, or course of

business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.”

83. FINRA Rule 2020 states: “No member shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance.”

84. FINRA Rule 2010 requires members and associated persons, in the conduct of their business, to “observe high standards of commercial honor and just and equitable principles of trade.” Conduct that violates Rule 10b-5 and FINRA Rule 2020 also violates FINRA Rule 2010.

85. Ayre, as President and majority shareholder of RMTN, made a series of material misrepresentations and omissions in RMTN’s public filings.

86. During the Relevant Period, Ayre reviewed, signed, and filed with OTCM numerous disclosure documents misrepresenting the company’s business, a material agreement, and RMTN’s assets in financial statements as described above in paragraphs 48-68.

87. Ayre’s misrepresentations and omissions occurred in connection with the purchase or sale of securities because shares of RMTN were trading over the counter when the misstatements and omissions were made.

88. During the period between January 2013 and October 2016, RMTN actively traded over the counter at an average volume of 35,000 shares per day.

89. Ayre’s misrepresentations were material because a reasonable investor would have considered representations about a company’s cash holdings, its material agreements, business activities and the integrity of the financial statements important in making investment decisions. Indeed, the misrepresentations significantly altered the total mix of information

available to RMTN investors and denied investors the opportunity to make an informed decision about the true nature of RMTN and whether to invest in the company.

90. Ayre acted with scienter. His misrepresentations and omissions concerned core, fundamental aspects of RMTN's business, so Ayre knew or was reckless in not knowing that his representations were materially false, misleading or both.

91. In connection with his misconduct, Ayre used means or instrumentalities of interstate commerce. In particular, Ayre used the internet, including e-mail to disseminate RMTN's false financial statements.

92. By reason of the foregoing misconduct, Ayre willfully violated Section 10(b) of the Exchange Act, Rule 10b-5(b) thereunder, and FINRA Rules 2020 and 2010.

**SECOND CAUSE OF ACTION**  
**NEGLIGENT MISREPRESENTATIONS**

*Violations of FINRA Rule 2010*  
*(Alternative to the First Cause of Action)*

93. The Department realleges and incorporates by reference paragraphs 1-92 above.

94. In the alternative to the First Cause of Action alleged above, the Department alleges that Ayre made negligent misrepresentations and omissions in OTCM disclosures regarding RMTN's business, a material agreement, and RMTN's assets in financial statements as described above in paragraphs 48-68.

95. FINRA Rule 2010 requires associated persons to "observe high standards of commercial honor and just and equitable principles of trade." A negligent misrepresentation of a material fact in connection with the purchase or sale of a security constitutes a violation of FINRA Rule 2010.

96. Here, as the President of RMTN, and the individual responsible for preparing, signing, and filing the OTCM disclosures, Ayre had a duty to ensure the accuracy and veracity of such filings.

97. Ayre's false descriptions of RMTN's business, a material agreement, and RMTN's assets in financial statements, demonstrate that, at a minimum, he failed to prepare and review the OTCM disclosures with reasonable care.

98. By reason of the foregoing misconduct, Ayre acted negligently in violation of FINRA Rule 2010.

**THIRD CAUSE OF ACTION**  
**UNLAWFUL OFFER AND SALE OF UNREGISTERED SECURITIES**

***In Contravention of Section 5 of the Securities Act of 1933 in Violation of FINRA Rule 2010***

99. The Department realleges and incorporates by reference paragraphs 1-98 above.

100. Section 5 of the Securities Act prohibits the offer or sale of any security through the mails or in interstate commerce, unless a registration statement is in effect as to the transaction. Conduct that contravenes Section 5 violates FINRA Rule 2010.

101. Ayre created a security when he purchased the rights to HempCoin and "backed" the cryptocurrency with shares of RMTN at a ratio of one share of RMTN to 10 HempCoins. RMTN issued a stock certificate dated June 22, 2015 reserving 500 million shares for the benefit of all potential holders of HempCoin.

102. Ayre was a necessary participant and a substantial factor in the unlawful distribution of HempCoin because he was intimately involved in the creation and marketing of the securities.

103. Ayre engaged in the unlawful offer and sale of unregistered securities in violation of Section 5 by distributing mining software code, which made HempCoin available to the public.



104. Ayre also engaged in the unlawful offering and distribution of unregistered securities by creating a HempCoin website, promoting HempCoin on RMTN's website, and issuing press releases touting HempCoin as the "world's first currency to represent equity ownership" while the securities were available for purchase on two cryptocurrency exchanges.

105. Ayre's public offer and sale of HempCoin employed means or instrumentalities of interstate commerce, including the use of the internet.

106. At no time during the Relevant Period was a valid registration in effect concerning HempCoin or RMTN.

107. No exemption from registration applied to the distribution of HempCoins.

108. By reason of the foregoing misconduct, Ayre acted in contravention of Section 5 of the Securities Act, and thereby violated FINRA Rule 2010.

**FOURTH CAUSE OF ACTION**  
**PRIVATE SECURITIES TRANSACTIONS**

***Violation of NASD Rule 3040 for conduct prior to September 21, 2015,  
FINRA Rule 3280 for conduct on and after September 21, 2015 and FINRA Rule 2010***

109. The Department realleges and incorporates by reference paragraphs 1-108 above.

110. NASD Rule 3040 and FINRA Rule 3280 state that "No person associated with a member shall participate in any manner in a private securities transaction" unless, prior to participation he or she provides "written notice to the member with which he [or she] is associated describing in detail the proposed transaction and the person's proposed role therein[.]"

111. NASD Rule 3040(e)(1) and FINRA Rule 3280 define a private securities transaction as "any securities transaction outside the regular course or scope of an associated person's employment with a member[.]"

112. Violations of NASD Rule 3040 and FINRA Rule 3280 are also violations of FINRA Rule 2010.

113. During the period Ayre was associated with the Firm, the Spencer Edwards WSPs required that “[p]rior to participating in any private securities transaction,” Ayre must “provide written notice to the Firm describing in detail the proposed transaction and the person’s proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction.” In addition, the WSPs required Ayre to receive written acknowledgment from the Firm.

114. Ayre never disclosed to Spencer Edwards his participation in private securities transactions involving more than five hundred million shares of RMTN stock, the sales of convertible debt, and his role in the creation, offer, and sale of the HempCoin security.

115. All of these securities transactions occurred while Ayre was a registered representative through Spencer Edwards. Ayre never provided written notice to, or sought written authorization from, the Firm to participate in any of these transactions or his role therein.

116. By reason of the foregoing misconduct, Ayre violated NASD Rule 3040 and FINRA Rules 3280 and 2010.

### **RELIEF REQUESTED**

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed;
- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and

- D. make specific findings that Respondent willfully violated Section 10(b) of the Exchange Act, as alleged in the First Cause of Action.

**FINRA DEPARTMENT OF ENFORCEMENT**

Date: September 11, 2018



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